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CANADA AT WAR

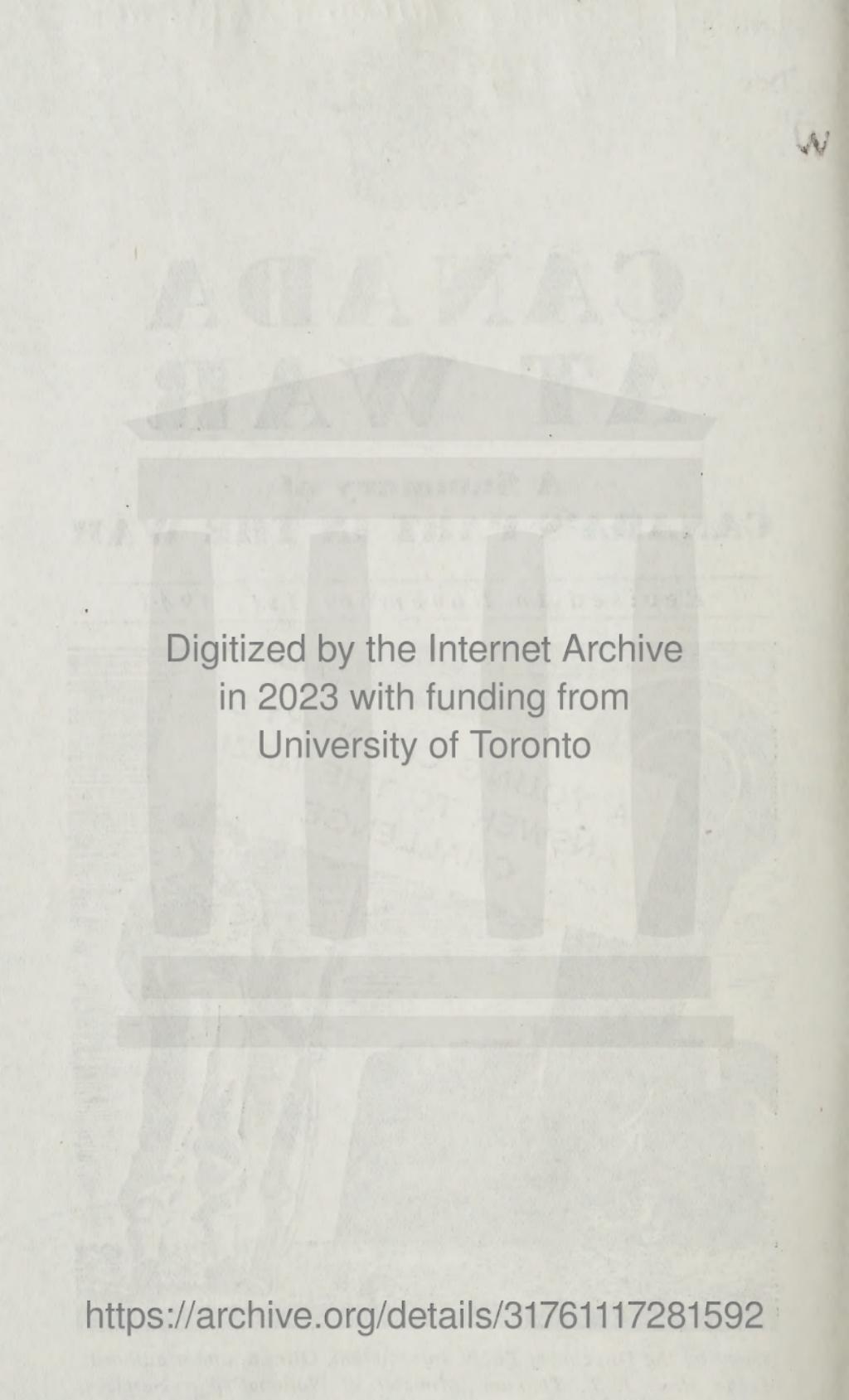
A Summary of
CANADA'S PART IN THE WAR

Revised to November 1st, 1941



Issued by the Director of Public Information, Ottawa, under authority
of the Hon. J. T. Thorson, Minister of National War Services.

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SOME SALIENT FEATURES OF CANADA'S WAR EFFORT EXPRESSED IN TERMS OF UNITED STATES POPULATION OR NATIONAL INCOME

Canada's population is about 11,500,000, the United States' about 130,000,000. It is estimated that the national income of Canada in the present fiscal year will be something less than \$6,000,000,000 and that the national income of the United States will be something less than \$90,000,000,000. A true picture of the war effort of any country can only be obtained when that effort is considered in relation to potential resources. For the convenience of United States readers, therefore, the following salient features of Canada's war effort are presented in round figures, in terms of United States population or national income. Figures relating to man-power are translated in terms of population, figures relating to money in terms of national income.

	Canada	In United States Terms
Number of men in active armed forces.....	About 344,000*	About 3,900,000
Sailors, soldiers and airmen overseas.....	More than 100,000	More than 1,130,000
Money spent on war (first two years)—including financial aid to Britain.....	\$2,183,000,000	\$32,745,000,000
Money being spent on war this fiscal year (April 1, 1941, to March 31, 1942)—including financial aid to Britain.....	\$2,350,000,000	\$35,250,000,000
Cost to Canada of British Commonwealth Air Training Plan (for three years).....	\$ 531,000,000	\$ 7,965,000,000
Value of Canadian products, including war supplies and equipment, sent to Britain in first two years of war.....	\$1,071,000,000	\$16,065,000,000
Value of Canadian products to be sent to Britain during present fiscal year.....	\$1,500,000,000	\$22,500,000,000
Estimated total of taxes (Federal, Provincial and Municipal) to be collected in present fiscal year.....	\$1,850,000,000	\$27,750,000,000
Money loaned to Canadian Government by Canadian people since outbreak of war..	\$1,470,000,000	\$22,050,000,000
Voluntary contributions to war charities since outbreak of war \$	27,000,000	\$ 405,000,000
Total value of contracts placed and commitments made by Department of Munitions and Supply on Canadian and British account.....	\$2,600,000,000	\$39,000,000,000

*See note on page 11.

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*Persons who wish to be placed on a mailing list to receive this booklet monthly, should apply to the Director of Public Information,
Ottawa, Canada*

EXPLANATORY NOTE

This booklet is intended to provide information about the nature and extent of Canada's war effort. It is hoped that it may be of value as source material for speakers and for others who desire up-to-date information about Canada's participation in the war. It is revised monthly and contains the most recent available facts and figures.

These facts and figures are not presented in any spirit of complacency. On the contrary, they are presented on the assumption that until victory is won, conscientious Canadians will never be satisfied that they have done enough.

It is hoped that this booklet will fortify this spirit of determination. A man fights better and works harder if he knows something of what his fellow-countrymen, in their many various lines of work, are doing for the cause they have all embraced in common. He will be able to co-ordinate his own efforts intelligently with those of others, if he has some idea of the broad lines of Canada's war endeavour and if he understands the sort of effort which the Government looks to him to make.

This booklet sets out to provide briefly the basic information upon which such an understanding may be based. It has been written for Canadians and for all others who are interested in what Canada is doing.

GENERAL SUMMARY

"Our people went to war for the sake of Canada, but not for Canada alone. We went to war as well for the sake of Britain, for North American civilization which we are proud to defend, and for the sake of that humanity which is above all nations."

Prime Minister Mackenzie King in a speech to the Associated Canadian Organizations of New York City on June 17th, 1941.

"We have not begun to win this war yet; we have just succeeded in not losing it."

Hon. J. L. Ralston, Minister of National Defence, in a speech to United States editors on tour, at Ottawa on August 27th, 1941.

Canada has entered her third year of war. In September, 1939, four days after Britain began hostilities, the Canadian Parliament assembled and the Government announced that it advocated placing Canada in the war at the side of Britain and her Allies. The Dominion was completely at liberty to make war or to abstain from making war, and it was Parliament's duty to decide whether or not to support the Government in its decision. After the proposal had been freely discussed for two days, the Government was accorded Parliament's support by a nearly unanimous division, and on the following day, September 10th, 1939, the King, at the request of the Canadian Government, declared that a state of war existed between Canada and Germany. As L. W. Brockington, the Official Recorder of Canada's War Effort, put it in a speech at Toronto on September 18th, 1941, "King George VI of England did not ask us to declare war for him; we asked King George VI of Canada to declare war for us." When Italy began hostilities on June 10th, 1940, Canada at once declared war on her.

Two years ago the Dominion was a relatively weak military power.

"The first year of war," said Hon. J. L. Ilsley, Minister of Finance, on September 18th, 1941 "was one of disaster and disillusionment. We and the other democratic nations who entered it were not fully prepared for it—no one, in fact, was fully prepared except the enemy who had been planning a campaign of conquest for many years, and had forced the German nation to bend all its energies to

forging weapons of aggression. Moreover, the Allied Chiefs of Staff made the profound mistake of visualizing this war as one primarily of static defence and economic blockade. Before that fateful first year was over, we had learned what prodigious striking force the enemy had created, and how inadequate were not only our preparations for modern war, but also our military strategy. The fall of France was a major catastrophe in itself and vastly altered the character of the war, giving the enemy great strategic advantages. All the plans of the democratic nations had to be revised, indeed revolutionized.

"Canada had entered the war with decision and clear-headed courage. During this year we had to plan and organize our war effort. By its close we had many of our own forces in Britain or British waters, we had set about a far-reaching programme of military expansion, we had commenced to build a large war industry, and the Commonwealth Air Training Plan was well under way. We were all hopeful, but still conscious of the overwhelming superiority of the Nazi war machine—still fighting an uphill defensive fight and hoping for time in which to build up our offensive strength.

"The second year of war has given us more room for hope, but none for complacency. It opened with the air battle of Britain, in which those daring men of the R.A.F. saved the fortress of civilization—civilization itself. Our confidence grew with the victories over the Italians, but false optimism was soon dashed to the ground by the German successes in Jugoslavia, Greece, Africa and Crete, and gave way to searching self-criticism. In the meantime, our hopes for ultimate victory were immeasurably strengthened by the passage of the Lease-Lend Act, the increasing mobilization of the economic power of the United States on our side, and finally, that fateful decision, for whatever reason, of the Nazi war lords to attack Russia. As the second year of war ended, there was still in progress, after more than two months of amazing destruction, that gigantic battle in which perhaps eight millions of men are locked in death struggle on a 2,000-mile front from Leningrad to Odessa—a battle that will surely rank as the greatest of all history.

"For us here in Canada the second year was one of action as well. An active army of 230,000 men has been recruited and trained and much of it despatched overseas.

Our Navy has taken a vital part in the unceasing battle of the Atlantic. Our men have fought in the air over England. The Commonwealth Air Training Plan has been rushed to practically full-scale operation, far ahead of schedule. We have carried nearly to completion the building of a great new war industry—far beyond anything ever dreamed of in Canada before. We have produced large supplies of food, of raw materials and of many types of war equipment for our own forces and for Britain. We have begun to hit our stride."

Two years of war have indeed wrought significant changes in Canada. Here are some approximate figures which indicate the extent to which a nation organized for peace has mobilized its resources for war:

	<i>Pre-War</i>	<i>To-day</i>
Total number of men in active armed forces.....	11,000	About 344,000*
Percentage of national income allocated for defence.....	1.4%**	40%
Contracts placed and commitments made for munitions and supplies in Canada by Canadian and British Governments.....	\$35,000,000	\$2,600,000,000

*See note on page 11.

**About \$64,500,000—the largest sum ever allocated for defence in Canada in peace time. During the years 1936-39 steps were taken to modernize the armed forces and to prepare measures for the defence of Canadian territory.

Reviewing the general war situation and the extent of Canada's effort to date, Mr. Ilsley expressed the point of view of the average thinking Canadian when he said on September 18th, 1941:

"We have more and more reason to believe in ultimate victory, if all of us work to achieve it—if we make the best use of our men, our materials and our intelligence. We have indeed a solid basis for confidence. But this I cannot too strongly emphasize—it would be false and dangerous optimism to think the end is near or that Victory is assured whatever we may do. Let us not delude ourselves—the road ahead is long and hard, victory has still to be won from the most powerful of enemies, and we of the British Commonwealth cannot devolve the burden that is ours upon the people of any other nation or nations."

Canada is in full agreement with Britain on plans for the conduct of the war for the immediate future. When in Britain in December, 1940, to consult with British

authorities, Hon. J. L. Ralston, the Minister of National Defence, assured the British Government that "Canada has only one object—a full-out contribution with everything Canada has and as fast as she can give it." Mr. Ralston went to England in October with Maj.-Gen. H. D. G. Crerar, Chief of the Canadian General Staff, for discussions with British and Canadian leaders there.

Canada is continually adding to the strength of her overseas forces, and is prepared to have them go wherever their services may be required. Speaking at the Mansion House in London, on September 4th, 1941, Prime Minister Mackenzie King said, "You all know how eager our Canadian soldiers are for action against the enemy. I cannot make too clear that the policy of the Canadian Government is to have our troops serve in those theatres where, viewing the war as a whole, it is believed their services will count most."

Rt. Hon. Winston Churchill, Britain's Prime Minister, expressed his countrymen's appraisal of Canada's war effort when he said on the same occasion, "The war effort of Canada during this war, happily, has not so far required effusion of blood upon a large scale. But that effort, in men, in ships, aircraft, air training, in finance, in food constitutes an element in the resistance of the British Empire without which that resistance could not be successfully maintained." Rt. Hon. W. L. Mackenzie King, Canada's Prime Minister, expressed the determination of the average Canadian citizen when he said at the same time, "We have been inspired by the undaunted courage and unshaken faith with which millions of ordinary men and women have faced destruction and death. We in Canada cannot all share your dangers, but we are proud to share your burdens. We are determined to share them to the utmost of our strength."

THE ARMED FORCES

*"Take up our quarrel with the foe:
To you from failing hands we throw
The torch; be yours to hold it high."*

From "In Flanders Fields" written at Boulogne in 1915 by Lt.-Col. John McCrae. Lt.-Col. McCrae was born in Guelph, Ontario, went overseas with the first Canadian contingent and died in France on active service in January, 1918.

The Roll Call

Navy.....	About 25,000
Army.....	About 230,000
Air Force.....	About 89,000
Total on Active Service.....	About 344,000
Total Overseas.....	More than 100,000
Reserve Army.....	About 170,000

NOTE:—As statistics relating to the strength of the forces are of vital interest to the enemy, the above figures are all approximate.

The Navy

"I want you to remember that you can't get men and ships by just whistling for them—not if they are to be any good. They are only achieved by hard work and planning."

Rear-Admiral P. W. Nelles, Chief of the Naval Staff, in a broadcast talk on October 19th, 1941.

The Royal Canadian Navy has grown speedily, as is indicated by the following figures:

	<i>Pre-war</i>	<i>To-day</i>
Active service strength.....	1,800	About 25,000
Ships.....	15	300

The Navy consists chiefly of small ships—destroyers, corvettes, mine-sweepers, patrol boats, converted yachts, and a fleet of smaller craft suitable for coastal work. It has, in addition, three merchant cruisers of considerable tonnage. New craft for the Navy are continually being turned out. For example, four corvettes and four mine-sweepers were christened simultaneously at one Canadian shipyard on October 26th. A Tribal class destroyer for the Canadian Navy was launched in Britain recently, and four more are to be built—two in Canada and two in Britain.

R. C. N. personnel is the nucleus of Canada's Navy, but since the outbreak of war Volunteer Reservists have been mobilized and enlisted in increasing numbers. They now constitute the largest portion of the Navy's strength. Most of them are landsmen who for the first time are learning the craft of the sea and the lore of ships. R.C.N.R. personnel, experienced sailors, have also been enlisted by the Royal Canadian Navy, and on the Pacific Coast the Fishermen's Reserve is doing a quiet but, important job. At the outbreak of war this Reserve organized in the spring of 1939, in preparation for possible emergencies, was called immediately into service. It was composed mainly of British Columbia deep-sea fishermen, who brought with them their sturdy fishing craft for mine-sweeping and patrol work. Now they are being provided with a new type of patrol ship specially built for the Royal Canadian Navy.

Work of The Navy

Canada's sailors are manning Canadian naval ships which have taken part in the Battle of the Atlantic and in operations in almost every other theatre of naval warfare, including the Pacific and the North Sea. Canadian destroyers, which have operated on both sides of the Atlantic, average twenty to twenty-five days a month at sea. The Royal Canadian Navy has also posted its fighting men in merchant ships which bear supplies to far ports, and about 600 Canadians are serving with the Royal Navy or in Royal Naval establishments. Young Canadians with special scientific training have for some time been doing special work with the Royal Navy. Two of them have been killed in battle.

The Royal Canadian Navy has played a very important part, since the outbreak of war, in the convoying of Canadian and American supplies to Britain. Since September 16th, 1939, when the first group of convoyed ships left an eastern Canadian port, Atlantic shipping carrying a total of more than 40,000,000 tons has been convoyed by the Royal Canadian Navy, in co-operation with the Royal Navy. This has involved the most careful organization of the Naval Control Service on Canada's east coast—a factor of vital importance to the maintenance of supply lines from America to Britain. Speaking in Bermuda on September 27th, 1941, Col. Frank Knox, Secretary of the United States Navy, said that the Canadian Navy is

doing "a very outstanding job" in the defence of North American sea approaches and added that it had been "a very considerable help to the whole problem of transport."

In addition to convoy work, ships of the Royal Canadian Navy have performed a variety of duties. They have captured enemy vessels, caused others to be scuttled, sunk enemy submarines, effected rescues and assisted in the evacuation of beleaguered troops.

The Navy's work has not been carried out without loss, H.M.C.S. "Fraser" was sunk on a misty night in June, 1940, during the course of operations off the coast of France. Ships were running without lights to avoid danger of enemy attack, and "Fraser" was cut in two by a much larger ship. H.M.C.S. "Restigouche" rescued most of her crew. H.M.C.S. "Margaree", on convoy duty, suffered a similar fate somewhere in the Atlantic in the autumn of 1940, and most of her crew were lost. Thirty-one Canadians were serving on H.M.S. "Jervis Bay" when she went down protecting her convoy from the guns of a German warship in November, 1940. The most recent loss suffered by the Royal Canadian Navy was the sinking of H.M.C. corvette "Levis" by enemy action, which was announced on September 27th, 1941. Because of the need for secrecy concerning naval operations, no details were disclosed by Naval Headquarters beyond the fact that 17 of her crew were lost. The Navy has lost a total of five ships and more than 400 men.

In addition to its work in British and other non-Canadian waters, the Royal Canadian Navy has successfully protected the Dominion's shores and ports. Its ships patrol Canada's coasts day and night. On the Pacific are more than 5,000 miles of mainland and island coastline over which to keep "watch and ward," and the Atlantic seaboard sets its own peculiar problems. This work has its hazards. For example, in October, 1940, storm caught the minesweeper H.M.C.S. "Bras d'Or" somewhere in the Gulf of St. Lawrence and she was lost with all hands.

Canadian naval shore establishments also play their part. In key centres naval officers carry on the complex business of naval plans and operations, linking the Dominion's activities to the world-wide operations of the Empire's naval forces and performing the multitude of exacting tasks which must be carefully executed if Canada is to play her full part in protecting the Empire's commerce.

The Army

"We have a large and constantly growing Canadian force in Britain which, individually and collectively, is the match for anything it may meet on the field of battle."

*Maj.-Gen. H. D. G. Crerar, Chief
of the Canadian General Staff.*

The Canadian Army has expanded greatly since the outbreak of war as is indicated by the following figures:

	<i>Pre-war</i>	<i>To-day</i>
Active Army.....	4,500	About 230,000*
Reserve Army.....	55,000	About 170,000*

*See note on page 11.

The Army Overseas

The Canadian Active Army is a force of some 230,000 volunteers who have enlisted for service anywhere for the duration of the war and for as long thereafter as the Government may require them. About 100,000 of them are now overseas.

The Canadian Army will shortly have the greatest divisional strength in its history—a total of six divisions. During the first Great War Canada raised five divisions, but the fifth was broken up for reinforcements. Nearly all the infantry for the Sixth Division is already mobilized, and artillery, engineers, signals and other technical units are being drawn from the Reserve Army.

The Canadian Army Corps in Britain guards vital sectors. By the end of this year Canada will have in Britain four divisions, one of them armoured, a tank brigade and ancillary troops. Other Canadian soldiers are in Newfoundland, the British West Indies and Gibraltar. Until their recent removal for service elsewhere, Canadians for many months helped to garrison Iceland, where they played an important part in building the defences of that strategic island.

The First Canadian Division landed at a British port on December 17th, 1939, and was quickly followed by other troops, until, by February, 1940, there were approximately 25,000 Canadian soldiers in Britain. This number has been increasing steadily ever since.

In April, 1940, a Canadian component was detailed to take part in a frontal attack on Trondheim, Norway. This component, composed of picked units and commanded

by a specially selected officer, moved off on April 18th to the port of embarkation in Scotland. However, after arrival there, the operation for which they had been detailed was cancelled, and the troops returned to camp.

In May, 1940, the First Canadian Division was selected to restore the communications of the British Expeditionary Force with the Channel Ports. On May 23rd and 24th, while the Canadian Commander, Lieut.-Gen. A. G. L. McNaughton, was carrying out a reconnaissance in France, the troops started for embarkation points. However, as a result of the reconnaissance, the War Cabinet decided that the existing military situation would have to be dealt with by the men and guns which were in France, time for moving troops with the necessary heavy equipment to the critical points not being available. The operation was accordingly cancelled.

On May 26th another proposal was made to use the Canadian troops in France. Units were entrained and ready to move to the port of embarkation, but it was decided that landing more men on the French coast would not contribute to the salvation of the B.E.F. This proposal was made by Lord Gort, Commander of the B.E.F. in France in 1940, and is referred to in his recently published despatches. Lord Gort relates that he thought it not unlikely that considerable fighting would occur during the withdrawal of troops at Dunkirk. "I had therefore asked the War Office", he writes, "whether it would be possible to send out an infantry brigade of the 1st Canadian Division so as to provide a nucleus of fresh and well-trained troops on the bridgehead position. This request was at once agreed to, and orders were given to despatch the brigade to Dunkirk on the night of 26th/27th May. These orders were, however, cancelled on 28th May".

In June, 1940, the First Canadian Division was detailed as part of the new B.E.F. which was formed after Dunkirk, in order to support the battered French Armies in the region of the Somme. However, only one infantry brigade, with some artillery and attached technical units, actually landed at Brest. These troops immediately proceeded towards the battle front, and some were at Sable-sur-Sarthe, more than 200 miles from Brest, and close to the divisional concentration area, when they received orders to retire. Thus, after less than forty-eight hours in France, these troops were necessarily withdrawn to England because of the deterioration of the general situation in France.

In September of this year Canadian, British and Norwegian forces under Canadian command effected a landing at Spitzbergen. The main purpose of the expedition was to prevent the Germans from utilizing Spitzbergen with its rich coal mines for their own war purposes. No enemy interference was encountered, and the force carried out its mission successfully.

In between such expeditions, and up to the present time, Canadian formations have occupied vital sectors in Britain's front line and acted as striking forces in reserve, ready to launch a counter-blow against any invading force that might succeed in getting through the coastal defences. Canadian units take their turn on coastal duty, work on the coast defences at many points, maintain communications, dispose of unexploded bombs, build strategic roads, and help to exploit the timber resources of the British Isles. The Canadian Corps has been kept in Britain thus far because the British Government considers it an essential factor in the defence of Britain, which is of paramount importance to the democratic cause. On September 4th, 1941, speaking at the Mansion House, London, Winston Churchill, the British Prime Minister, said of the Corps, "There they stand, and there they have stood through the whole of the critical period of the last fifteen months—at the very point where they would be the first to be hurled into a counter-stroke against an invader." In the meantime, every opportunity for increasing the Corps' efficiency and high state of training is eagerly seized upon—in preparation either for an invasion attempt by the Germans or for an attack in force on the continent, to the ultimate need for which Lt.-Gen. McNaughton referred on September 26th, 1941, when he told Canadian newspaper-men visiting Britain that "there will have to be an invasion of the continent. I don't think you can bring a proud and well-organized nation to her knees with missiles alone."

The Canadian Army overseas is a powerful organization built on strictly modern lines. Its mechanized equipment of many different types and its complex array of armament, make it a very different army from the Canadian Corps of 1914-18. Planes and reconnaissance battalions of motor-cycles and armoured scout cars render it sensitive. Tanks give it striking power. Its infantry units are capable of fast movement and possess fire-power for both offensive and defensive purposes. Its artillery is mobile and equipped to fight tanks and airplanes as well as to bombard enemy

CANADA'S MODERN ARMY

In a radio address on October 5th, 1941, Victor Sifton, Master-General of the Ordnance, made a statistical comparison between Canada's modern Army and the Army of 1914-18, particularly with respect to armament and transport.

This is the picture presented by Mr. Sifton's remarks:

	<i>1914-18</i>	<i>To-day</i>
Spent on armament and transport.....	For every \$1	\$5
Transport equipment of infantry division.....	4,400 horses 153 motor vehicles	No horses 3,500 motor vehicles of 160 types
Cost plus upkeep of this equipment for one year..	\$2,000,000	\$12,000,000
Fire power of an infantry division	Field guns Machine guns Lewis guns Trench mortars	More field guns Twice as many automatic small arms New and better mortars and many new weapons such as anti-tank guns and rifles and anti-air craft guns
Cost plus upkeep of this armament for one year under battle conditions.	\$5,000,000	\$28,000,000
Cost plus upkeep of cavalry brigade for one year compared with that of tank brigade.....	\$3,500,000 (Cavalry)	\$32,000,000 (Tank)
Cost plus upkeep of armoured division for one year compared with that of whole Canadian Corps in 1916-17 fiscal year (under heavy fighting conditions).....	\$143,000,000 (Army Corps)	\$155,000,000 (Armoured Division)
Horse-power at disposal of 12,000 soldiers.....	3,300 h.p. (Infantry)	394,237* h.p. (Armoured)

*As much power as is available to 700,000 people in a large city.

positions. Its engineer units are capable of coping with the new problems which mechanization has created. Its signal arm makes full use of modern wireless equipment. The Army Service Corps and the Ordnance Corps have been mechanized and provided with modern equipment needed to supply the troops with food, gasoline, ammunition, repair facilities, etc. The Medical Corps, too, has had to adapt itself to the war of movement.

Mechanization of the Canadian Army has been reduced to statistics by Victor Sifton, Master-General of the Ordnance. In a radio speech on October 5th, 1941, Mr. Sifton said that "the scientific employment of machines . . . is the goal at which we are aiming." A tabulation of Mr. Sifton's statistics appears on page 17. In the course of his speech Mr. Sifton stated that "The 1st and 2nd Canadian divisions in England are completely equipped. In fact, there are no better equipped divisions in the British Army."

While the arming of Canadian forces overseas and the sending of supplies to the battle fronts of the world have been the first consideration of Canada's war industry, the Canadian Army at home is steadily being fully equipped. Hon. C. D. Howe, Minister of Munitions and Supply, said on September 11th, 1941, "The problem of equipment for our Canadian armed forces is one that no longer gives concern . . . We are now producing practically everything required by a fully equipped infantry division at a rate that enables us to equip a new division every six weeks." These words obtain added significance when taken in conjunction with a statement made late in September by Maj.-Gen. H. D. G. Crerar, Chief of the General Staff. Maj.-Gen. Crerar said that the object of army training in Canada is to produce formations "capable of fighting from the day they land overseas."

The Army in Canada—The Canadian “Draft”

Units of the Active Army at present in Canada guard the Dominion's coasts and vital areas. Most of these men are volunteers who are prepared to go anywhere required. Some, however, are "draftees" called up under the National Resources Mobilization Act for home defence duties.

Canada drafts men, aged 21 to 24, who have not already joined one of the forces, for full-time home defence duties with the Active Army. During their four months' period of preliminary training, "draftees" are given an opportunity to volunteer for active service wherever required with the Navy, Army or Air Force. Those who do not volunteer for such service are posted to home defence duties for as long during the period of the war as the Government sees fit. These men constitute the Canadian Active Army on Home Defence and release volunteers already on active service in Canada for overseas duty.

Compulsory military training was announced in Canada in June, 1940. In that month the National Resources Mobilization Act was passed. It gave the Canadian Government power to require "persons to place themselves, their services and their property" at the disposal of the country whenever this "may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war." This power, however, "may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada or the territorial waters thereof."

The first group to be given thirty days' basic training under the authority of this act, went to camp in October, 1940. In the succeeding months about 87,000 men were so trained. About 20,000 of these joined the active forces; the rest were posted to the Reserve Army for part-time training. In February, 1941, the period of preliminary training was increased to four months; in March, the first four-months class went to camp; and shortly afterward it was announced that "draftees" would be kept indefinitely in the Army.

All single men and widowers without children, aged 19 to 45, are by law liable for military service in Canada. At present the Canadian "draft" is calling up the 21-24

age group. Provision is made for postponements in a few very special cases where it is in the public interest that they should be granted. Men not selected at their first call are still liable for service and may be called at any time. Monthly classes totalling more than 25,000 have been selected. A large number of these men have volunteered for service anywhere with the Navy, Army or Air Force.

The Canadian Reserve Army

The Canadian Reserve Army constitutes a pool of partially trained men from which volunteer reinforcements for the Active Army may be drawn. It is also to perform "an operational role in defence of Canada when required" and give "aid to the civil power in case of subversive or other disturbances." It numbers about 170,000 men; of these about 67,000 are men who have been given thirty days' compulsory military training and then posted to reserve units for part-time training. These men are now steadily being called for full-time home defence duties, unless they volunteer for overseas service. The remainder of the Reserve Army are volunteers. Members of the Reserve Army train for a specified number of hours each week, and at camp in the summer, and at the same time carry on with their civilian jobs. Because of the nature of the work which the Reserve Army is designed to perform, the age limit is now 50, compared with 45 for the Active Army.

The Air Force

"More than two years of war have brought a continuous repetition of the glorious achievements of Canadian airmen of the First Great War."

*Air-Vice-Marshal L. S. Breadner,
Chief of the Air Staff.*

The total personnel of the Royal Canadian Air Force is more than twenty times what it was before the outbreak of war. This is indicated by the following figures:

Pre-War Strength
4,500

Strength To-Day
about 89,000

On September 30th, 1941, Hon. C. G. Power, the Minister of National Defence for Air, stated, "Canadian youth have simply rushed to our recruiting offices."

The Air Force Overseas

Canadian airmen have been engaged in combat since the outbreak of war. Many had joined the R.A.F. before war broke out and others followed in late 1939 and early 1940. The first R.C.A.F. squadron arrived in Britain early in 1940; it was followed shortly afterward by two other squadrons. The flow of Canadian airmen from the British Commonwealth Air Training Plan in late 1940 and in 1941 has steadily increased the number of R.C.A.F. fliers at the battle front. R.C.A.F. fliers, after completing their operational training overseas, are posted either to the R.A.F. or to an R.C.A.F. squadron operating under R.A.F. command.

Seventeen of these squadrons are now in action. By the end of the year there will be twenty-five R.C.A.F. squadrons overseas, and the total number of trained Canadian airmen abroad will be equal to a division of infantry. One of the largest contingents of Canadian airmen ever to go overseas recently arrived in Britain. Air Minister Power has said that eventually the R.C.A.F. may constitute one third or even one half of all Empire airmen. He stated significantly on August 9th, "We are not proposing to limit ourselves."

Canadian airmen are now fighting over Britain, Europe, the Mediterranean area and Russia. For reasons of secrecy, detailed information concerning their activities is not at present available. The following facts, however, are known. The "All-Canadian" squadron of the R.A.F., formed late in 1939 of Canadian and British pilots, has had a very distinguished record. It destroyed at least thirty planes over France and the Low Countries during the Battle of France in the summer of 1940 and had the honour of being the last squadron to leave French soil. It fought over Dunkirk, and played its part in protecting the evacuation of British and Allied troops. It also fought over London during the September "blitz". In six fights it destroyed fifty-five enemy planes with a loss of only two of its own pilots. By January, 1941, it had accounted for more than one hundred enemy planes. All but one of the Canadians in the squadron have now been transferred, and its famous leader, the "legless" Squadron-Leader Douglas Bader, is reported a prisoner of war.

One of the first R.C.A.F. fighter squadrons to see action has had an equally distinguished record. It shot down

12 enemy planes in its first 19 days of action and is now credited with nearly 100 planes. It took part in the air battles over London in September, 1940, and on one day shot down 14 enemy planes.

During the past five or six months Canadian fliers have been taking part in R.A.F. daylight sweeps over Germany and the Low Countries. Canadian airmen have bombed Berlin and carried out attacks on the German warships "Gneisenau" and "Scharnhorst". Two Canadian squadrons are now assigned to night fighting duties, and others are on coastal patrol work and attached to both the fighter and bomber commands.

On October 21st, 1941, the R.C.A.F. had reported 823 as dead or missing and 75 as prisoners of war or interned.

Canadian ground crews are operating in Britain, and soon most Canadian squadrons will be serviced by Canadian mechanics. About a thousand radio technicians have for some time been assisting the R.A.F. in detecting hostile aircraft and 2,500 more such technicians will go overseas this year. A third class is now being trained in Canada.

The Air Force in Canada

R.C.A.F. planes play a vital part in western hemisphere defence. They escort convoyed ships and are on patrol duty in Canada daily and far out to sea on both coasts. Sometimes they patrol so far out on the Atlantic that they could more easily land in Ireland than at their home base. Coast defence squadrons are being steadily strengthened. They now include many airmen who have had combat experience overseas.

Aircraft of the eastern air command have had moments of more than routine activity. For example, Atlantic squadrons took part in the search for the "Bismarck" and were ready to go into action, should this have been necessary.

The British Commonwealth Air Training Plan

The British Commonwealth Air Training Plan is steadily becoming what it was designed to be when first announced in December, 1939—a major source of air strength from which fighting air teams will go out in formidable numbers to strike at the Nazi war machine. The importance which the highest authorities attach to the Plan may be judged from remarks recently made by Air Marshal A. G. R. Garrod, air member for training in the supreme air council of Great Britain. Air Marshal Garrod, who came to Canada recently to obtain a first-hand picture of the Plan in operation, said on September 20th, 1941, "Training in Canada is the foundation for all air force expansion and if we can defeat the enemy in training we can defeat him in the air. The battle of training is the foundation for the battle of bullets and bombs . . . We are relying absolutely on the work now progressing on the Canadian training grounds. The training here is becoming more and more important, and is an essential, decisive factor in winning the war."

The Plan trains Canadian, Australian, New Zealand and United Kingdom airmen, and there is a sprinkling of students from other parts of the Empire. The Plan is thus essentially a Commonwealth enterprise. Canada, however, has undertaken the major share of the burden both in men and in money. Canadians recruited by the R.C.A.F. constitute 80% of the air crew trained or in training (about 10% of these are American volunteers), and Canada will pay about \$531,000,000 of the \$824,000,000 which the Plan will cost in its first three years of operation.

The rapid expansion of the Plan is one of the most significant features of Canada's war effort to date. While 83 schools of all kinds were originally called for, the total is now 93, of which 90 are already in operation; the Plan which was to have been going "full blast" by March 31, 1942, has now virtually been completed—six months ahead of schedule; air crew are being turned out at about twice the rate originally planned. The Plan now operates 131 establishments of all kinds and about 100 air fields.

To-day those responsible for the Plan are very nearly as busy on construction of new air fields and new schools as when it swung into peak construction under the original

RECRUITING CENTRES (17)

MANNING DEPOTS (6)

PILOTS

INITIAL TRAINING SCHOOLS (7)

ARMAMENT
MATHEMATICS, ETC.

8 WEEKS

AIR OBSERVERS

WIRELESS OPERATOR (AIR GUNNER)

WIRELESS SCHOOLS (4)

WIRELESS SIGNALS
ARMAMENT
22 WEEKS

ELEMENTARY FLYING TRAINING SCHOOLS (26)

PRIMARY FLYING,
GROUND SCHOOL
8 WEEKS

AIR OBSERVERS SCHOOLS (10)

NAVIGATION
PHOTOGRAPHY
RECONNAISSANCE
14 WEEKS

SERVICE FLYING TRAINING SCHOOLS (16)
ADVANCED FLYING
AEROBATICS
NIGHT FLYING
12 WEEKS

BOMBING AND GUNNERY SCHOOLS (8)
AIR GUNNERY
BOMB AIMING
6 WEEKS

BOMBING AND GUNNERY SCHOOLS (8)
AIR GUNNERY
4 WEEKS

AIR NAVIGATION SCHOOLS (2)
ADVANCED NAVIGATION
4 WEEKS

TOTAL PILOTS
28 WEEKS

TOTAL AIR OBSERVERS
31 WEEKS

TOTAL WIRELESS OPER. AIR GUNNERS
26 WKS

EMBARKATION DEPOT

(OVERSEAS)
OPERATIONAL TRAINING
PREPARATORY TO ACTIVE SERVICE

plan. In recent months a number of British schools have been transferred to Canada, where air space and freedom from enemy attack provide suitable conditions for training. This movement is expected to continue in the coming months until perhaps 30 or 40 British schools are operating in Canada, in addition to schools already operated by the Plan.

The table on the opposite page shows the schedule of air crew trainees from the time they enter as recruits, until, six to eight months later, they are ready to begin operational training.

Training the Forces

Schools and training centres for the forces are scattered throughout Canada. In addition, all three Services operate special technical training centres to educate men to perform the variety of highly specialized tasks which modern warfare makes necessary. Schools and universities are co-operating in this work. Air Force ground crew trade schools have trained about 25,000 men and Army trade training centres are turning out maintenance men at the rate of 20,000 a year.

The following table indicates the extent and nature of the training which the members of Canada's armed forces are receiving in centres from coast to coast:

Navy

R.C.N.V.R. Divisions (recruiting and preliminary training of naval volunteers)	20
Training establishments	2
Technical training centres	4

Army

Officers' training centres	2
Basic training centres	29
Advanced training centres (infantry, machine gun, small arms, artillery, engineers, signals, armoured car and tank, army service corps, medical, etc.)	28
Technical training centres, (including technical schools, etc., co-operating)	125

Air Force

Schools for air crew (See table on opposite page)	73
Technical and other schools	17
Pre-enlistment trade training centres	18

Casualties

The following are among the casualties which had been reported in the Canadian armed forces up to late in October, 1941:

Dead or Missing (in all theatres).....	2,087
Navy.....	403
Army.....	861
Air Force.....	823

Women's Auxiliary Services

The Department of National War Services is now intensifying recruiting of women for auxiliary service with the Army and the Air Force. The Navy has such a move under consideration. Several thousand will be needed in the next few months. Women will perform administrative duties such as office work, telephone operating and army stores duties, as well as light transport driving, cooking, messenger service and canteen work, thus releasing men for combatant duty where most needed.

Cadets

Canadian boys have opportunities to obtain elementary training which will be of use to them when the time comes for them to enlist in one of the three services.

The Sea Scouts and the Sea Cadets of Canada have branches from coast to coast. These organizations are providing boys of pre-military age with a thorough grounding in naval matters. The Sea Cadets are sponsored by the Navy League of Canada and are under the jurisdiction of Naval Services.

Secondary schools throughout the country, both public and private, operate cadet corps in which hundreds of thousands of boys learn the rudiments of soldiering.

Organization of the Air Cadet League of Canada is proceeding rapidly. Training is supervised by local Air Force commands in various parts of Canada. The course covers two years and includes basic training in subjects relating to aircraft and air fighting. Upon completion of the basic training, air cadets may specialize in certain branches of these subjects.

CANADA: ARSENAL AND STOREHOUSE

Sending Supplies to the Battlefronts

"Canadian weapons and supplies are being despatched to all the battle fronts of the world—to Britain, to the Middle East, to the Far East, to our sister Dominions, to China and to Russia."

Hon. C. D. Howe, Minister of Munitions and Supply.

In 1938 Canada ranked fourth among the exporting nations of the world, being exceeded only by the United States, Britain and Germany. To-day, in spite of the dislocations of war, the Dominion is exporting more goods than ever before in her history—about 85% more than before the war. Canada, always a storehouse of raw materials and food, is making herself as fast as she can into an arsenal as well, from which supplies go out to many parts of the world. Some idea of the extent to which Canada is becoming a source of supply for the democratic nations may be gained from the following figures. They show that Canada's exports to friendly countries have grown since the outbreak of war. Her exports to Axis countries or to countries controlled by the Axis, have, of course, ceased.

	<i>Value of Canada's Exports in First Eight months of 1939</i>	<i>Value of Canada's Exports in First Eight Months of 1941</i>	<i>Increase or Decrease</i>
To United Kingdom.....	\$214,535,000	\$449,241,000	+110%
To the rest of the British Empire....	68,138,000	135,029,000	+ 99%
To the United States	198,972,000	364,539,000	+ 83%
To China and Russia	2,257,000	5,176,000	+122%
To Germany.....	7,547,000	—	—
To Italy.....	1,907,000	—	—
To Europe (except United Kingdom) and Russia.....	39,763,000	3,474,000	—
To all countries.....	554,847,000	1,029,990,000	+ 85%

Canadian Exports to Britain

In the first two years of war Canada sent goods to Britain which were worth more than \$1,000,000,000. They included substantial quantities of such war equipment as machine guns, anti-tank guns, anti-aircraft gun barrels, shells, small arms ammunition, explosives and chemicals, airplanes, corvettes, minesweepers, small boats, mechanized transport, and universal carriers; hundreds of thousands of tons of non-ferrous metals; enormous quantities of timber to make up for most of Britain's imports of European timber, which amounted to about 75% of her total normal supply; large quantities of pulp and pulp products; and the following foods:

Wheat.....	More than 300,000,000 bushels
Flour.....	7,000,000 barrels
Bacon and other pork products.....	800,000,000 pounds
Cheese.....	195,000,000 pounds
Eggs.....	15,000,000 dozen
Honey.....	13,000,000 pounds
Total (excluding wheat and flour and including canned goods such as concentrated milk and tomatoes and other foodstuffs).....	1,830,000,000 pounds

Part of this food is really contributed by the Canadian people. Canadian governments pay about one third of the return to the producer on all cheese sold to Britain and similar steps have been taken with respect to bacon and other pork products. Also, the amount of such products available for domestic consumption has been reduced by about 25%; and such products are no longer to be exported to any country except Britain or British possessions.

During the present year, the following foodstuffs will be shipped to the United Kingdom in quantities limited only by the British demand and Canadian production: bacon and other pork products, cheese, evaporated milk, apples (fresh, dried and canned) canned tomatoes, honey, dried beans, fruits for jam, onions, dried vegetables, canned salmon, canned herring, cereal breakfast foods, wheat and flour.

In order to supply Britain with eggs, Canada has had to increase prices to her producers and also to the Canadian consumer. In the case of canned salmon, two-thirds of the entire Canadian pack has been reserved for British consumption. Practically no supplies of canned herring will be available to the Canadian public, since quantities larger than the normal pack are being reserved for Britain. The

effort to meet British requirements as far as possible will result in higher prices for green vegetables and tomatoes and shorter supplies of those products for Canadian consumption. The general policy is that the Canadian people will go short in order to keep the British supplied, the rest being a matter of technique.

In the present fiscal year (ending March 31, 1942), Canada's exports to Britain will amount to about \$1,500,000,000—about four times as much as in the year 1939.

“Lease-Lending” to Britain

More than three-quarters of the money Britain has so far needed to pay Canadian producers for goods exported to Britain, has been provided by the Canadian people. This amounted to more than \$900,000,000 in the first two years of the war. Since December of last year there have been no gold shipments from Britain to Canada, and the Dominion will provide Britain with all the money she will need this fiscal year to pay for Canadian supplies. This will amount to at least \$900,000,000.

Britain pays for a fraction of her purchases in Canada by exporting goods to the Dominion. The rest of her Canadian supplies, however, must be financed otherwise. The Dominion has provided Britain with about one third of the Canadian money she has needed by repatriating Canadian securities held in Britain; this amounts to paying debts before they fall due. Canada has supplied about two thirds by accumulating Sterling balances—in effect, lending Britain money. All this credit, like the money raised to spend on Canada's own war effort, must be provided now by the Canadian people.

Canada's Raw Material Resources

“Development of Canada's natural resources has enabled the Dominion not only to fill her own requirements for certain strategic materials but also practically all of Britain's requirements for such materials as well . . . Canada's natural resources will prove to be a winning factor in the war.”

Hon. T. A. Crerar, Minister of Mines and Resources.

Canada is one of the world's major sources of strategic raw materials. She produces about 83% of the world's nickel and ranks high in the production of many other

metals and minerals important in war manufacture such as aluminum, zinc, copper, cobalt, lead, platinum metals, asbestos, mica, and sulphur. There has been a steady increase in the output of most of these metals in the past twenty years. Molybdenum is available in quantity in Canada, and the Dominion has the only large commercial output of mercury in the Empire. Tungsten, antimony and manganese are being developed, and intensive search is carried out every year for further deposits of vital war minerals.

Canada now produces many times as much raw aluminum as before the war. This has involved the construction of large power-houses and dams, some of them in the heart of the Canadian wilderness. Water-power development for use in making aluminum is being approximately doubled. Other metals and minerals have also been produced in increasing quantities; total mineral production in the first eight months of this year was 18% greater than in the corresponding period of 1939. Effective steps have been taken to restrict the use of vital war metals and minerals to essential wartime projects and to make a maximum quantity available for war purposes in the Dominion, in Britain, in the United States and in other friendly countries.

Canadian production of alloys is ten or twelve times the pre-war level. Ferro-alloys produced in Canada are increasingly in demand both at home and abroad.

Canada produces great quantities of certain kinds of timber, and has increased her output since the outbreak of war. In the first eight months of this year there were 77% more men employed in logging than in the corresponding period of 1939. Because of the heavy demands of Canada's own defence building programme, the Dominion now consumes 45% of her entire lumber output. Nevertheless, she has exported large quantities both for defence construction and for the manufacture of certain items of war equipment.

Canada's Food Resources

"The history of the first two years of the war proves that an appeal to farmers in Canada is not necessary to obtain results in production. Even without the usually necessary inducements of high returns, farmers have produced as never before."

Hon. J. G. Gardiner, Minister of Agriculture

Apart from wheat, there is no longer a surplus of most major Canadian farm products. This does not mean that production has fallen: on the contrary, it indicates an increasingly heavy demand. The major cause of this increased demand is the growing need for Canadian food-stuffs in Britain. In the past year Britain has turned more and more to Canada as the nearest source of supply of foods formerly obtained from Europe or countries far overseas. Canadian agriculture has become a war industry.

Since the beginning of the war the Dominion Department of Agriculture has taken steps to ensure maximum production of food. At the beginning of the war, the Department set up an Agricultural Supplies Board generally to direct production activity and, in collaboration with provincial authorities, to deal with other agricultural problems arising out of the war.

Independent of this Board, but working in close collaboration with it, are three Boards which purchase and forward supplies of Canadian farm products contracted for under agreements between the British Ministry of Food and the Canadian Government. These are the Bacon Board, the Dairy Products Board and the Special Products Board (responsible for eggs, fruit and vegetable products, etc.). These Boards make every effort to see that Britain gets economically all the Canadian food she needs.

An important wartime problem which the Department of Agriculture has dealt with is the surplus of wheat and the related problem of providing adequate supplies of feed for livestock at reasonable prices. As Canada has a large wheat surplus, the Government has instituted a policy of wheat acreage reduction for which a bonus is paid to the farmer if, at the same time, more coarse grains are being grown. About 3,400,000 additional acres were sown with coarse grains this year. This policy, combined with moves to reduce the price of millfeeds to the farmer and to restrict their exportation, assists livestock production and thus provides more of the foods Britain needs most—cheese, bacon, and ham. Government assistance to agriculture for all purposes in the 1941-42 crop year will total about \$60,000,000.

Manufacturing War Equipment

"Canada is an arsenal of war munitions. We are manufacturing practically every weapon used in this war."

Hon. C. D. Howe, Minister of Munitions and Supply.

Two years ago Canadian industry was organized almost entirely for peace; to-day under the supervision of the Department of Munitions and Supply, a very large part of it is organized for war. The Dominion almost literally has built a war industry from the ground up. Practically every Canadian factory that can produce for war is now doing so wholly or in part, and this diversion is being continued where possible through the work of the Industry and Sub-contract Branch of the Department of Munitions and Supply. Millions of dollars have been spent by industry on plant expansion and equipment necessary for war production, and the Canadian and British Governments have authorized expenditures of about \$550,000,000 for the same purposes. About 250 entirely new factories, some of which are as large as any of their kind in the British Empire, have been erected. The bulk of this latter expenditure has been designed to increase the production of shells, guns and mountings, chemicals and explosives and raw materials.

In the first year of the war the provision of plant structures and machinery constituted a serious problem towards a solution of which all concerned made a concentrated effort. Now that most of these difficulties have been overcome, Canadian industry has struck its stride and its record in war production has been impressive. Canada has now produced almost every type of war equipment which its munitions program calls for, and very substantial quantities of certain items have been turned out. The Dominion's war industry is now reaching the point of capacity production and is beginning to turn out a remarkably varied array of war equipment at high speed. The Minister of Munitions and Supply stated on September 11th, 1941, "Lord Beaverbrook, on his return to England after a visit to Canada and the United States, is reported to have said that Canada's production of war supplies compares favourably for population with any country in the world. If that be true at this time—and I have no way of knowing whether it is or not—the full output of our munitions programme, which will be largely realized

in the early part of next year, should be a source of pride to our people".

Most of the war equipment now being produced in Canada has never before been manufactured in the Dominion. Referring to this development on September 18th, 1941, Finance Minister Ilsley said, "It is not too much to say that what has happened in the past year is nothing short of an industrial revolution. This has been accomplished in spite of all the difficulties in obtaining or preparing plans and specifications or in getting new machine tools, despite the need to learn or develop new skills, despite the scarcity of many materials and the inevitable dislocations of wartime. In these new or expanded plants Canadian management and Canadian labour, much of it never previously inside the four walls of an industrial plant, have already produced complicated war equipment of the highest quality at greater speed and lower cost than in the established plants of the more mature industrial countries".

The following is a list of some of the war equipment Canada is now manufacturing:

Ships

Naval Ships

Minesweepers

Corvettes

Motor torpedo boats

Patrol boats

Merchant ships

Small boats

Shipbuilding has increased tremendously in Canada. On October 9th, 1941, Hon. C. D. Howe, Minister of Munitions and Supply stated, "If our objective for 1942 is attained, we expect that in that year Canada's shipbuilding programme will equal the British annual output of cargo vessels." At the beginning of the war there were only 1,500 workers in Canadian shipyards. Now more than 20,000 workers are employed in 17 major and 58 smaller yards. To-day the shipbuilding programme, including the merchant-ship programme, and the ship repair programme involves an expenditure of more than \$430,000,000.

Naval Ships

About \$125,000,000 is being spent on naval vessels. Some 225 such ships have been ordered, not including small craft. A total of 120 corvettes and mine sweepers have

been launched. In recent months an average of one corvette every four days has been turned out. Three "merchant cruisers" and more than thirty yachts and motor boats have been converted to naval use. Over fifty similar craft have been chartered. Patrol boats are now being turned out. The keels of two destroyers are to be laid down in Canada. British technical experts are to be brought to Canada to assist in the construction of these vessels.

Merchant Ships

The merchant-ship building programme is now assuming very substantial proportions. It involves an outlay of \$300,000,000. A total of 100 freighters of the 9,300-ton and 4,700-ton class are to be launched by the end of 1942. Two of these ships have been launched and the keels of several more have been laid down. About 95% of the material used in each ship is produced in Canada. Due to recent war expansion of engineering plants in Canada, it is no longer necessary to import such accessories as engines, propellers and fittings.

Small Boats

Deliveries are being made regularly under the \$9,000,000 small-boat programme. Nearly 1,000 boats, ranging from 112-foot motor vessels to 12-foot collapsible assault boats, have been ordered and the programme is more than 50% complete. These boats are being built for the Navy, the Army and the Air Force.

Ship Repair

This very important aspect of the war programme is receiving constant attention. Additional drydocking facilities are being constructed on the Atlantic coast and additional handling facilities are being arranged at several ports. Projects under way include a semi-tidal dock, floating docks, repair piers, machine shops, boiler shops and marine railways.

Guns

25-pounder field guns, with equipment, trailers, and tractors	3" mortars
Bofors 40 mm. anti-aircraft gun barrels	Bren guns
Complete Bofors 40 mm. anti-aircraft guns and mountings	Browning aircraft machine guns
3.7" anti-aircraft gun barrels	Four types of naval gun mountings
2" mortars	Lee-Enfield rifles
	Two types of guns for use in tanks and as anti-tank guns

Canada's gun programme calls for the manufacture of fourteen types of land and naval guns and mountings, in addition to machine guns, rifles and small arms. Canada possesses one of the largest factories in the world manufacturing artillery from scrap to complete gun, and one of the largest automatic gun plants in the world.

Ammunition

Small arms ammunition of several types	Anti-tank mines
Shells of 14 types	Rifle grenades
Cartridge cases	Pyrotechnics of many varieties for aerial, field, naval, and practice uses
Fuses, gaines, and primers	Trench mortar bombs
500-lb. aerial bombs	Shells, ammunition, bombs, etc. filled with Canadian-made explosives and propellants.
Practice bombs	
Depth charges	

More than 7,000,000 Canadian shells have been turned out since the war began. They are being made at the rate of millions of rounds a year. More than 10,000,000 cartridge cases for shells have been turned out. Production of fuses, primers, explosives and other accessories keeps pace, and in the coming months increasing numbers of complete rounds will be shipped overseas.

Millions of rounds of small-arms ammunition are produced every day, and the various other types of ammunition listed above are being made in steady volume. For example, 500-pound bombs are being manufactured at the rate of 10,000 a month.

Chemicals and Explosives

12 types of chemicals	8 types of explosives
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Because of the heavy demand for chemicals and explosives from North America, production facilities of

Canada's chemicals and explosives plants are being enlarged beyond the capacity originally planned. Very substantial quantities have already been shipped to Britain, and certain urgently required chemicals have been supplied to the United States and to some Dominions. The Minister of Munitions and Supply stated on October 7th, "British authorities have expressed gratification at the quantity and quality of ammunition produced in the Dominion."

Twenty of Canada's 23 chemicals and explosives plants are now producing. This year alone the total production of explosives in Canada will exceed the entire Canadian output during the whole of the first Great War.

Aircraft

12 types

The Canadian aircraft industry was of small dimensions at the beginning of the war, but since that time it has built a large number of aircraft. Since January, 1939, the number of men engaged in Canadian aircraft construction has increased from 1,600 to more than 30,000. Output during the past year has steadily increased. Production in the first six months of 1941 exceeded the total for all of 1940, and, measured in man-hours employed, an increase was noted in the third quarter of 1941.

At present Canada produces about twelve different types of plane. These include three elementary trainers, a general purpose machine, a single-engine advanced trainer, a twin-engine advanced trainer, a flying boat, an army co-operation plane, a fighter and two bombers. A medium bomber and a coastal reconnaissance amphibian are in production. It is expected that the number of types will be reduced in the near future to allow the industry to concentrate on the trainers now needed and on the service craft which have proved themselves most useful. This may mean fewer planes per week, but the actual output measured in pounds of plane components or in man-hours will continue to grow. Engines for Canadian aircraft are imported, but Canada is now producing almost all the instruments required.

The types of plane on which Canada will soon concentrate are—an elementary trainer, a single-engine advanced trainer, a twin-engine advanced trainer, a coastal reconnaissance amphibian, a bomber and a fighter.

The overhaul and repair division of the Aircraft Production Branch now supervises 29 plants scattered from Halifax to Vancouver, where it services thousands of planes. These facilities are expected to be doubled within a year.

Tanks

Cruiser tanks

Infantry tanks

The Canadian tank programme calls for the production of 1,000 cruiser and 800 infantry tanks. Since June, 1941, a considerable number of tanks has been turned out. By the end of this year it is expected that 100 Canadian tanks will have been shipped to Russia.

Vehicles

Universal carriers

Field workshops

Wireless trucks

Army mechanized transport of all types

Ambulances

More than 150,000 army vehicles have been delivered and are in service, a large proportion of them overseas. On the average, Canada produces one army automotive unit every three minutes. These include trucks and tractors of every type required by the armed services. Practically all of the 160 different types of motor vehicle being used by the Canadian Army are being manufactured in Canada. Canadian army vehicles have been used in every engagement in which the Empire's soldiers have participated.

Among the important products of the motor industry is the universal carrier, in essence a baby tank. These efficient little machines travel at speeds up to 45 miles an hour on caterpillar tracks, manoeuvre with ease on almost any terrain, and are equipped with machine guns. A single Canadian plant turns out enough of these carriers in a day to equip a battalion, enough in 14 days to equip an infantry division.

Miscellaneous

Clothing and boots for the three services

Marine smoke floats

Personal equipment

Hospital equipment and supplies

Optical instruments

Gas decontamination suits and equipment

Military and naval instruments

Link trainers

Radios, radiolocators

Military furniture and forms

Gas masks

Fire trucks

Steel helmets

Fire hose

Parachutes

Asbestos rescue suits

Flare parachutes

Ammunition boxes

Minesweeping gear

Machine tools

Technical naval equipment

Gauges

Searchlights

Military tires

Smoke projectors

Anti-submarine gear

Articles Soon to be Produced

Boys' anti-tank rifles	Predictors for anti-aircraft guns
Naval guns of four types	Various types of secret equipment and weapons
Scout armoured cars, armoured cars	Vickers guns
Scout cars, reconnaissance cars	Sub-machine guns
Bomb throwers	

Some Typical Costs

Cargo boat.....	\$1,750,000
Corvette.....	550,000
Flying boat.....	100,000
Cruiser tank.....	100,000
Hurricane fighter.....	45,000
25-pounder field gun.....	25,000
2-pounder anti-tank gun.....	12,500
Universal carrier.....	5,000
Bren Gun.....	325
500-pound aerial bomb.....	100
Depth charge.....	75

Scientific Research on War Weapons

"An army of scientists in Canada, Britain and other countries are at work constantly and secretly on war problems. . . Every available man of science (in Britain) now is at work, and Britain is depending more and more upon the scientific genius of North America for her expanding war machine."

Sir Lawrence Bragg, recently Scientific Liaison Officer between Canada and Great Britain

Scientific research on war weapons is carried out by a staff of experts at the National Research Council. It maintains the closest co-operation between the fighting services, the Departments of Government, industrial institutions, universities and research laboratories in the prosecution of all scientific and technical aspects of war preparation. Some of its most important work to date has

been in the fields of gauge-testing, radio research, optics, ballistics, industrial radiology, and design of electrical protective devices, acoustical equipment and instruments. It has also done important work in the field of chemical defensive methods and in the testing and preparation of war materials. Various types of research in connection with aircraft have been carried out. Problems connected with the transport and storage of food have been investigated. Medical research in connection with aviation and other war activities has been undertaken. Notable in this connection was the work of Sir Frederick Banting, whose absorbing interest from the outbreak of war until his death in a plane crash in February, 1941, was aviation medicine.

An Inventions Board was established in June, 1940, under the auspices of the National Research Council. It deals with all proposals regarding inventions received by Government departments. Research Enterprises, Limited, a Government-owned company, is manufacturing devices created by the Council. It now has orders totalling \$48,000,000, and it is expected that \$36,000,000 worth of these orders will have been filled by the end of 1942. The Industrial Planning and Engineering Branch of the Department of Munitions and Supply, set up in September, 1941, carries out development and design work in connection with war equipment.

The Wartime Bureau of Technical Personnel is now undertaking a survey of all persons skilled in scientific research—university graduates with post-graduate training—who may be able to assist in war research activities. All persons who may qualify are asked to communicate with the Bureau or with Professor David A. Keys of McGill University .

AID TO BRITAIN AND HER ALLIES

"All help is vital and the quicker you can give it the more help it will be."

*Lord Halifax, British Ambassador to the
United States*

This section tells briefly of some of the miscellaneous ways in which Canada has been able to be of some assistance to Britain and her Allies in their difficult hour. It does not tell of Canada's chief part in the war—the British Commonwealth Air Training Plan, the R.C.A.F. overseas, the Royal Canadian Navy on the Atlantic, the Canadian Corps in Britain, the "lease-lending" of supplies, the building of a Canadian war industry that is now beginning to go "full blast." Those things are what most of the rest of this booklet are about. Here we have only a short collection of interesting oddments which help to round out the picture.

Quite early in the war a considerable number of British children arrived in Canada. They were followed by others until 6,000 had come to accept the invitations that had told 100,000 they were welcome if they could get across.

A considerable number of enemy prisoners of war have been brought to Canada. They have been captured in some of the many theatres of war. They are treated in accordance with an international convention governing the treatment of combatant war prisoners.

Canada has materially reduced tariffs on British imports since the outbreak of war. This helps Britain to obtain Canadian dollars.

Canada pays for the equipment and upkeep of her forces overseas. The only exception in this respect is the provision of service planes for Canadian squadrons overseas. This is looked after by Britain, as part of her contribution to the British Commonwealth Air Training Plan.

By arrangement with the Canadian Government, representatives of European nations which, though conquered, are carrying on the fight, are recruiting and training their nationals in Canada. Norwegians, Dutch, Belgians,

Poles and Czechs have been given every possible facility, and some of their troops have already gone overseas.

A considerable number of Canadian ships have been made available to Britain for carrying supplies and for naval duties. British ships are repaired and supplied in Canadian ports.

Canadians have given more than \$27,000,000 to war charities, large and small, since the outbreak of war. They have contributed "goods and services" besides. Women's organizations, for example, provide knitted goods and other articles of clothing in thousands every day. A very substantial portion of this money and these "goods" have already found their way to Britain, and many Canadians are there to help distribute the services where they are most needed.

The most important war charities in Canada, and those by whom by far the largest portion of money is collected and expended, are those combined in the Canadian War Services Fund, which will shortly make a new appeal for funds totalling about \$17,000,000. The charities combined in the Fund are the Canadian Red Cross, the Canadian Legion, the Y.M.C.A., the Y.W.C.A., the Knights of Columbus, the Salvation Army, the Imperial Order of the Daughters of the Empire and the Navy League of Canada. The following list indicates the sort of work which these organizations have been doing for the victims of enemy bombing in Britain, for soldiers overseas, for prisoners-of-war, and for other needy persons:

Established in Britain	A military hospital About 80 recreational centres About 300 mobile canteens, etc.
Sent to Britain	Nearly 12,000,000 articles of comfort and clothing About 150 tons of same About 10,000,000 sheets of stationery More than 30,000,000 cigarettes 70,000 cases and 30 tons of food Instruments for 100 military orchestra About \$500,000 in cash
Sent to British Prisoners of War	More than 350,000 parcels of food and comforts costing more than \$700,000

That is a brief statistical picture of some of the work these organizations are doing overseas. It tells nothing of the movies, the educational services, the personal services provided. It tells nothing of their work in Iceland, Newfoundland—and at home, where their work among the troops is in its way as important as their activity overseas. Nor does it tell of the many other organizations collecting and sending money and comforts to Britain. The most important of these is the Queen's Canadian Fund, which has raised more than \$600,000 in the past few months.

These are some of the things that patriotic Canadians are doing for Britain and her allies. A few more might be mentioned. Hundreds of "dollar-a-year men" are serving their country in key positions where their skill and experience is badly needed. Key industrial workers have ungrudgingly worked long hours; some employers have voluntarily restricted their margin of profit or even turned their profits over to the Government. Canadians, and Americans, have voluntarily donated about \$2,000,000 as "free gifts" to assist the war effort. Nearly 2,500 salvage centres are collecting and turning over to war industries increasing amounts of salvable material gathered from homes, schools, etcetera. More than 10% of Canada's medical doctors are now on active service, as are a large number of nurses, many of whom are in Britain. Three hundred Canadian nurses will soon be serving in South African military hospitals by arrangement between the South African and Canadian governments. Four hundred Canadian firemen are to go to Britain soon. They will be known as the Canadian Fire Fighters' Corps. A contingent of the Veterans' Guard has been organized for overseas duty. The Canadian Red Cross recently arranged for a large shipment of medical supplies to Russia. The same organization is co-operating with the Australian Red Cross in sending parcels to Australian prisoners of war.

CANADA, THE UNITED STATES AND THE WAR

(See also pages 61-63)

"The Hyde Park Declaration is more than an extension of the Ogdensburg Agreement for hemisphere defence. It is also a joint agreement . . . for aid to Britain."

Prime Minister Mackenzie King.

Economic Co-operation

Without access to many United States products essential to war manufacture, Canada's war programme could not have progressed as far as it has to-day. Canada buys many essential war materials and machine tools in the United States, and since the outbreak of hostilities has bought them in increasing quantities. In spite of a reduction in the amount of "non-essential" commodities coming to Canada from the United States, Canada's imports from that country have increased greatly since the outbreak of war. In 1938 they were valued at \$425,000,000; in 1939, in September of which year the war began, they rose to \$497,000,000; and in 1940 they soared to \$744,000,000. In the present fiscal year (April 1st, 1941, to March 31st, 1942) they are expected to reach \$953,000,000, of which at least \$428,000,000 will be for war purchases. At the same time it has been estimated that Canada's exports to the United States this fiscal year would run, under normal trade arrangements, to \$475,000,000—which would leave Canada with a trade deficit with the United States of about \$478,000,000.

The Hyde Park Declaration

The Hyde Park Declaration has established a principle which, it is expected, will reduce this deficit and assist Canada to maintain and increase her war purchases in the United States. As a result of the agreement, it is expected that Canada will be able to sell to the United States additional defence materials and some articles of war to the value of between \$200,000,000 and \$300,000,000. In addition, the United States is to lend-lease to Britain addition, the United States is to lend-lease to Britain materials and parts to be shipped to Canada as components in Canadian production for Britain. Canada, herself, is not obtaining supplies from the United States under the

lend-lease plan, but is paying cash in American dollars for everything which she purchases in the United States on her own account.

Canadian Exports to United States Increase

Canada has increased her exports of essential raw materials to the United States in the two years since the outbreak of war. Important war metals and minerals, timber, pulpwood, pulp and new-print have been among the commodities flowing in increasing volume from the Dominion to the Republic. Since the Hyde Park Declaration was issued, arrangements have been made to increase purchases of war materials from Canada by the United States, and, in addition, certain war equipment which Canada produces in substantial quantities.

War equipment which Canada is able to export to the United States and for some of which substantial orders have already been placed, includes certain types of small arms, some guns and ammunition, certain explosives and chemicals, certain armed fighting vehicles, corvettes and mine-sweepers. There are also some types of clothing and textiles, leather, rubber and timber products and various secret devices in which Canada could probably make an important contribution if these were desired.

Canada Must Still Conserve United States Dollars

The Hyde Park Declaration, though a magnificent contribution to the common struggle in which Canada and the United States are engaged, does not remove the need for the conservation of United States dollars, as outlined on pages 60-62. The most reasonable estimate of the magnitude of the Hyde Park Declaration's effect on Canada's supply of American dollars still leaves a considerable deficit in Canada's balance of payments with the United States.

A Sound Canadian Economy Benefits Americans

Because the American and Canadian economies are very closely joined, Canada's efforts, under the stress of war, to preserve a sound financial position, have been of real benefit to Americans. Measures to safeguard the Canadian economy have protected the \$4,000,000,000 which Americans have invested in Canada. Although it

has been necessary to restrict the movement of capital out of Canada, Americans are allowed to withdraw, at the full official rates of exchange, all forms of current income from Canada. During the present fiscal year (April 1st, 1941, to March 31st, 1942) Canada will pay an estimated \$238,000,000 in interest and dividends to United States investors. The attractiveness of Canada as a field of investment has not been impaired by the war, and millions of American dollars have been invested in the Dominion since the outbreak.

Further Significance of Hyde Park Declaration

The Hyde Park Declaration has a significance over and beyond its financial importance to Canada. The net result of the Declaration, it is expected, will be that the United States and Canada, each concentrating on the materials of war which it can produce best and most quickly, will become one strong team, working and producing according to a carefully planned programme which will ensure the most rapid possible supply of war materials to Britain and her embattled allies and the most efficient provision of defence articles for North America.

Increasing Economic Co-operation

For "Instances of Economic Co-operation", see pages 73-75 of October issue. The Material Co-ordination Committee and the Joint Economic Committees have both had several meetings in the past few months. The former collects and exchanges information on raw material supplies. The latter has discussed, among other things, shipping, priorities, civilian consumption restrictions, co-ordination of Canadian and American export controls to prevent leakages of strategic war materials, other wartime problems common to the two countries, and post-war questions.

Canada and Western Hemisphere Defence

(See also pages 13, 19-20 and 22)

When Canada went to war two years ago she took immediate steps to ensure the defence of her territory and, subsequently of key points in the western hemi-

sphere. Since the Ogdensburg Agreement of August, 1940, these defensive measures have been co-ordinated with those undertaken by the United States and the two countries have now worked out joint plans for the defence of their part of the western hemisphere. Both Canadian coasts are constantly guarded by large concentrations of troops and by coastal and anti-aircraft guns located at strategic points, as well as by naval and air patrols operating along 2,000 miles of coast line and far out to sea. In the west Canada is building a string of staging airdromes so that military planes from both Canadian and United States centres can be moved into northern British Columbia and Alaska without delay. In the east, United States troops have replaced Canadian forces in Iceland, and they have joined Canadian troops in Newfoundland, where the two countries are building extensive defence facilities. Canada and the United States are in full agreement concerning defence measures in Greenland. Both United States and Canadian troops stand guard in the West Indies. At sea both the Canadian and the United States navies seek out marauding submarines.

Civilian defence and A. R. P. units are organized in many parts of Canada and blackout practices have been held in several cities. The Army and the Royal Canadian Mounted Police guard vital points and operate to prevent fifth column activities and sabotage. The Veterans' Guard plays an important part in this work.

Americans in the Canadian Armed Forces

A direct and striking American contribution to Canada's war effort is the arrival in Canada of American volunteers for the Canadian armed forces. About 10% of the air crew trained or in training in the R.C.A.F. are Americans and 600 Americans are acting as instructors for the Air Training Plan. Americans in the R.C.A.F. now wear a distinguishing badge "U.S.A." on the shoulder. Nearly 10,000 Americans are serving with the Canadian Army. Many of these airmen and soldiers have already gone overseas. Americans and Canadians to-day fly together in the R.A.F. and the American "Eagle" squadrons often fly with R.C.A.F. Squadrons.

THE HOME FRONT

"Unless the whole resources and total energy of the free world are thrown into the struggle, the war may drag on for years, carrying in its train famine, pestilence and horrors still undreamed of."

Prime Minister Mackenzie King.

Some indication of what Canadians are doing on the "home front" is contained in the other sections of this booklet. The present section describes the economic side of activity on "the home front."

The War and the Canadian Economy

Canada's war programme has caused marked economic expansion. Industrial output has enormously increased and has still to reach its peak; factories are turning out more and more goods; business activity is up very considerably; mines are producing increasing quantities of minerals; foreign trade advances in spite of the dislocations of war; construction has reached record proportions and there is still much to do; transportation facilities are working diligently to bear the traffic of war; nearly all the workers classed as "employable" in normal times are now at work, along with a considerable number who would not ordinarily be working for salaries and wages; the national income has substantially increased, over half the increase being in salaries and wages; prices of most commodities have risen considerably.

The magnitude of this increased activity is indicated by the following approximate percentages:

*The first eight months
of 1941 as
compared with the
first eight months
of 1939*

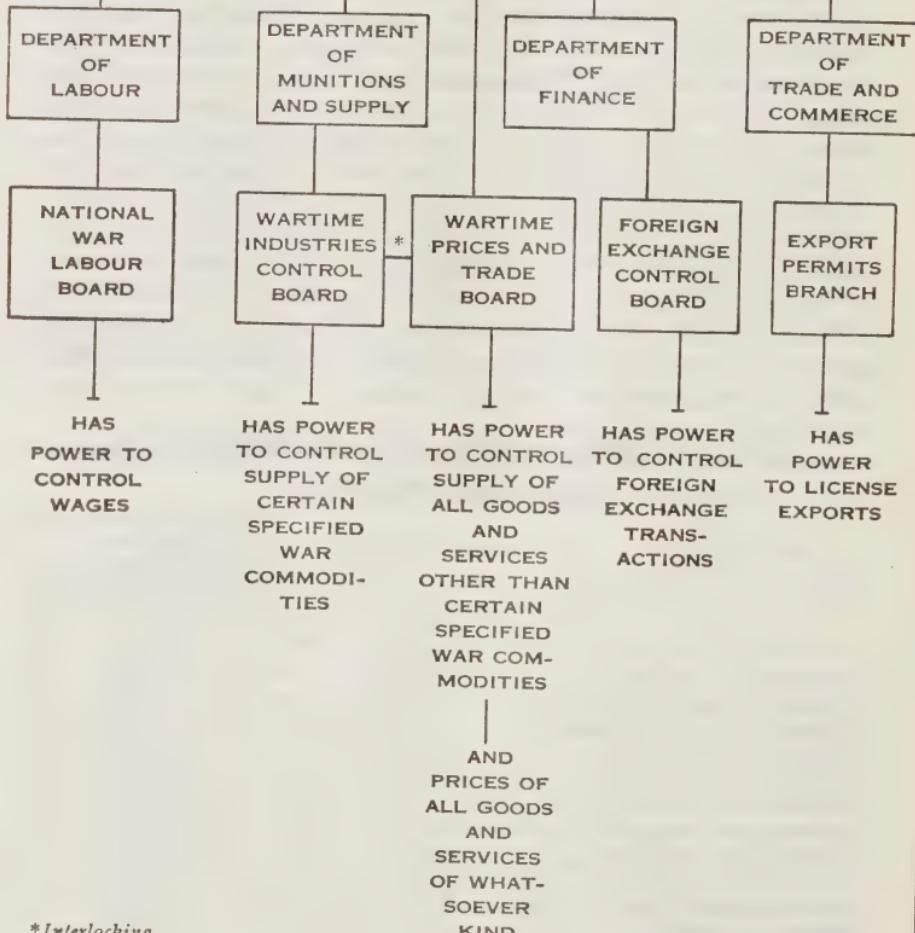
	+
Industrial Production.....	37.5%
Manufacturing Production.....	40.5%
Physical Volume of Business.....	34.0%
Mineral Production.....	18.0%
Exports (excluding gold).....	85.0%
Imports (excluding gold).....	106.3%
Construction Contracts Awarded.....	115.8%
Railway Car Loadings.....	33.5%
Employment (general).....	32.2%
Manufacturing Employment.....	47.0%
National Income.....	20.3%
Wholesale Prices.....	20.1%

CANADA'S WARTIME ECONOMIC CONTROLS

PARLIAMENT

THE GOVERNMENT

(EMPOWERED BY WAR MEASURES ACT, NATIONAL RESOURCES MOBILIZATION ACT AND MUNITIONS AND SUPPLY ACT TO CONTROL PHYSICAL AND HUMAN RESOURCES OF CANADA IN ANY WAY NECESSARY TO SECURITY OF THE STATE)



Economic expansion does not mean that individuals, businesses or the nation as a whole are growing rich because of the war. Business income is subject to a high minimum tax and most of any "excess" profits are taken by the Government. Wages and salaries have been stabilized at prevailing levels, and a general "ceiling" has been placed on prices. Governments are collecting three times as much in taxes as in peace time. Profiteering is "out" in this war, so far as the Canadian Government is concerned.

Moreover, with Canada's war industry now in substantial production, civilian supply of many commodities is becoming limited. Canadians are realizing to an increasing extent the need of placing their material resources at the disposal of those who can best use them for war purposes, and the Government has taken steps to accelerate this diversion, as will be seen from the following pages. R. C. Berkinshaw, Director-General of Priorities in the Department of Munitions and Supply and Chairman of the Wartime Industries Control Board has stated, "It will become necessary to effect further curtailment in consumer goods production and this will necessarily involve sacrifices on the part of all. Non-essential domestic and personal expenditures will have to be curtailed and rigid economy established in the consumption of certain lines of commodities designed for household, family or individual use." Mr. Berkinshaw also stated that rationing of consumer goods will be "largely conditioned by the effort we make now to keep waste down to an irreducible minimum."

Economic Controls

To enable the Government to take all steps necessary to ensure maximum supplies of labour, money and materials for Canada's war industry and to protect the Canadian citizen from the demoralizing effects of inflation, a comprehensive set of wartime economic controls has been set up in Canada. The diagram on the opposite page gives a picture of these controls. The following pages indicate the manner in which these controls operate and describe briefly the major steps which have been taken in each of the spheres in question.

Particularly in the early part of the war, voluntary restrictions, combined with financial measures, played a large part in harnessing the economy. (See pages 38-40

of October issue for a discussion of the reasons for this and pages 43-61 for further details of earlier measures). Such voluntary restrictions are still necessary: indeed, they are, in a sense, indispensable to the success of the comprehensive programme of control now being undertaken by the Government. Nevertheless, as Finance Minister Ilsley has put it, unless we are prepared to allow a substantial inflationary rise in prices, "we must have an effectively planned and operated set of controls which will be deliberately designed to restrict civilian consumption and prevent inflation while attaining the objectives of the war programme." In short, Canada's wartime economic problems are now so widespread that they can only be solved by control which is increasingly mandatory and general. Rising prices, heavier demand for raw materials, more acute transportation difficulties, increasing problems of labour supply—these are among the factors which, combined with the increasing magnitude of Canada's war industry, make more rigid controls necessary.

Labour

Government Labour Policy

The fundamental principles of Canada's wartime labour policy may be summarized as follows: (1) There should be no interruption of work on account of strikes or lockouts. (2) Employees should be free to organize in trade unions free from control by employers or their agents, and to negotiate with employers through their own representatives with a view to the conclusion of a collective agreement. (3) Workers should neither coerce nor intimidate any person to join their organization. (4) Fair wages, working conditions, hours of work and safeguards should be maintained. (5) Hours of work should not be unduly extended and increased output should be secured by using additional shifts. (6) Any necessary suspension of established labour conditions to speed up war production should be effected by mutual agreement and should apply only during the emergency.

Wages

No employer may increase basic wage rates unless authorized to do so by the National War Labour Board on which Government, labour and employers are represented. This permission can only be given in cases where the Board has found the wage rates to be low. The regulation applies

to every employer with fifty or more employees and to every building trades employer with ten or more employees. Exceptions are employers in agriculture or fishing, and hospitals, religious, charitable or educational institutions operating on a non-profit basis.

To adjust wages to wartime price levels, it has been ordered that after February 15, 1942, every employer to whom the wage "ceiling" applies must pay a cost-of-living bonus to all employees except those above the rank of foreman. The bonus is to be adjusted every three months in order to give workers an income commensurate with the prevailing cost of living. The cost of living in Canada is now about 14.6% higher than before the war. Over 750,000 employees in Canada are already receiving the cost-of-living bonus.

This wage stabilization plan is linked to the Government's policy of controlling prices (including rents) generally, and of restricting profits. Past experience has shown that prices outstrip wages in an unrestricted wage-price rise. To fix wages, while at the same time fixing prices, is to protect the wage-earner from the harmful effects of this inflationary spiral, and, incidentally, to establish a wage "floor" as well as a wage "ceiling."

Labour Relations

Machinery for the settlement of disputes in war industries has recently established a good record. Many disputes have been settled without formal negotiation by the Government's conciliation service. Also, out of 52 disputes which have recently been referred to the Industrial Disputes Inquiry Commission (set up in July, 1941), 35 have been settled by the Commission and 8 have been referred to a Conciliation Board.

Regulations now in force discourage strikes in war industries. Disputes arising in such industries, if not otherwise settled, must be referred to a Conciliation Board. No strike action may be taken until after the report of the Conciliation Board has been released—and then only if a vote is taken under Department of Labour auspices and a majority of those eligible to vote are found to be in favour of a strike. At the present time there is not a single strike in a Canadian war industry.

Riots, disturbances of the peace or other actions likely to impede or obstruct the production or delivery of munitions of war or supplies or the construction of defence

projects are, by Order-in-Council, to be prevented or suppressed, when necessary, by the calling out of the Active Army. So far there has been no need to take action under this order.

On September 13, 1941, Hon. Norman McLarty, the Minister of Labour, said, "I am convinced that the vast majority of our workers are as loyally devoted to the winning of the great cause in which we are now engaged as any other class of citizens in this country. They realize that they, by their production, are fighting in the front line of mechanized warfare."

Labour Supply

Labour supply will ultimately be the most general and difficult shortage faced by Canadian war industry. Hence labour supply problems are receiving close attention from a number of agencies—the National Labour Supply Council, the Labour Co-ordination Committee, the Wartime Bureau of Technical Personnel and the War Emergency Training Programme.

The Wartime Bureau of Technical Personnel has a register of technically trained personnel and encourages the transfer of experts from non-war to war work and the training of men for war jobs in the shops of established plants. At least five of Canada's leading industrial groups (the mining, petroleum, public utilities, textile, and pulp and paper industries) are co-operating in this latter work. The War Emergency Training Programme is training thousands of previously unskilled workers in about 100 technical and plant schools throughout the country. So far about 42,000 have been trained in technical schools; of these 24,000 are industrial workers and the rest have been trained for the armed forces. At least 40,000 workers have been trained in plant schools. About 100,000 are to be trained during the course of this year.

It is estimated that since the beginning of the war there has been an average increase of about 28,000 a month in the number of wage-earners. The number employed in durable goods industries has almost doubled. Many thousands of women are now employed in factories which manufacture shells, ammunition, guns, airplanes and other war equipment. However, only about 60% of the man and woman power that will ultimately be required to carry out

Canada's industrial war programme is now engaged in the production of munitions and war equipment. It is expected that war industries will draw increasingly on peace-time occupations during the coming months, and that more women not normally employed will be entering industrial or commercial work.

Supply

The Wartime Industries Control Board and the Wartime Prices and Trade Board exercise a joint control over the supply of all goods and services. (See page 48.) The major steps which have so far been taken by these bodies, and by other offices of the Government, to divert essential supplies to war purposes, are here indicated.

Priorities

A priorities system applies generally to raw materials and manufactured products. This helps to ensure that war supplies are produced in order of their importance, and to meet shortages or threatened shortages of goods. The informal system of priorities used in Canada has so far operated very satisfactorily and it has not been necessary to establish formal priority ratings.

Reducing Production of Durable Consumers' Goods

(See also pages 54, 61-2, 66).

Manufacturers of radios, refrigerators, stoves, vacuum cleaners, and electric washing machines are cutting their production to 75% of their 1940 output. This has been described by the Controller of Supplies as a "preliminary reduction."

A series of measures has reduced the production of passenger cars in the past six months and even fewer passenger cars are to be produced next year. Production of such cars in 1942, for sale in Canada, will be less than half the 1940 figure. In addition, the number of models will be cut about in half, and accessories reduced to a minimum.

Some idea of the extent to which essential materials will be conserved by such reductions may be gained from the

following tabulation of the estimated savings to be effected in the radio industry alone:

Steel.....	825 tons	Corrugated cartons—250 tons
Copper.....	85 tons	Resin and
Brass.....	30 tons	Vegetable glue..... 40 tons
Aluminum.....	15 tons	Ceramics..... \$1,375,000
Solid Woods....	1,550,000 board feet	Ball Bearings.... \$1,500,000
Veneers.....	5,400,000 board feet	Paper tubes..... \$1,375,000
Plywood.....	105,000 square feet	Glass dials..... \$ 125,000
Paints, etc.....	25,000 gallons	Tubes..... \$ 750,000

The cut in automobile production is expected to save more than 50,000 tons of materials of all kinds.

Curbing Instalment Buying

Instalment buying and instalment credit transactions have been severely curbed. Instalment purchases of a wide range of articles from radios to engagement rings, stoves to fountain pens, are now subject to drastic restrictions. The down payment must be at least one-third of the total cash price, in any case not less than ten dollars, and the balance must be paid in full within twelve months. For passenger automobiles a down payment of fifty per cent is required, and the balance is to be paid within twelve or eighteen months depending on the cash value of the sale. Payments must be made in equal instalments at intervals of not more than one month. These provisions go much further in restricting consumer credit than the regulations of the United States Federal Reserve Board. Restrictions apply to almost every article for household, sporting, motoring or personal use that is normally bought on the instalment plan.

Purchases on charge accounts are similarly restricted. If an account is in arrears, no further purchases of articles named in the Board's order may be made until the account is cleared.

Instalment credit transactions by banks and other lending institutions are similarly restricted, so that buyers are no longer allowed to make the down payment on one of the articles named in the order with money borrowed from a lending institution; nor may they arrange an extension of credit on instalment purchases by recourse to a lending institution.

Machine Tools

Designs are "frozen" on Canadian manufactures of anything from automobiles to sewing machines in which a change of model would require new tooling. The output of the Canadian machine tool industry was small before the war, but in 1940 it jumped about 800% over 1939, and steps taken this year are further increasing output. Canadian plants have been particularly active in the manufacture of machine tools for gun and shell production. Canada normally imports most of her machine tools from the United States. These imports have increased markedly since the outbreak of war, and import permits are required for privately imported machines. Machine tools can be exported only under license. The "bits and pieces" programme is increasing the number of machine tools being used for war manufacture.

Construction

Construction and repair of buildings costing more than a fixed amount can be carried out only under license and is limited almost entirely to projects essential to the prosecution of the war. The construction industry throughout the past two years has been one of the busiest in Canada. It has erected some 250 entirely new factories, enlarged old ones and built thousands of buildings for the armed forces under the \$110,000,000 defence building program. Construction for the armed forces is still proceeding apace, and nearly 5,000 houses of various types are to be built for war workers. Construction is now proceeding on some 3,000 such buildings.

Transportation

Priority has been given to the movement of troops and essential war supplies by rail or water in Canada and on the sea. All Canadian merchant shipping has been placed under Government control. Manning pools to provide experienced merchant seamen at short notice will soon be established.

Electric Power

Electric power supply has been increased in certain heavily industrialized areas. Highly important in this

connection are arrangements between Canada and the United States for utilization of a maximum amount of water-power at Niagara. The industrialized areas of Ontario and Quebec, where the demand for power is now extremely heavy, have been on daylight saving time since the spring of 1940.

Oil

Canada is fifth among the oil consuming countries of the world. Domestic production in Alberta has been considerably increased since the outbreak of war and large-scale exploratory work is now being carried out in that province. But at present Canada produces only about 15% of the oil she needs.

Industry and the forces make increasingly heavy demands, and imports have been reduced because tankers have been diverted to Britain. Since July 15, 1941, sale of gasoline and oil to motorists has been prohibited on Sundays and on week days between 7 p.m. and 7 a.m. Since August 25th, the amounts available to service stations have been reduced. In the past two months the cut has been about 20% of normal requirements. This action supplements an appeal for voluntary conservation, which has given results. Restrictions apply in all parts of Canada.

Coal and Coke

The Canadian coal and coke trade is required to operate under license. Canadian coal production has expended considerably since the outbreak of war, and the Dominion has imported increasingly large amounts of both anthracite and bituminous coal. Nevertheless, consumption is heavy and every effort is being made to increase supplies to a maximum.

Coke production has increased but has been largely absorbed by war industries.

Timber

Various steps have been taken to ensure the most economical and efficient use of both Canadian and imported timber. Millions of dollars have been saved by

using less expensive woods for many purposes. U.S. dollars have been conserved by the substitution of Canadian for American woods in Canadian construction where possible. In many instances it has been possible to substitute wood for steel, thus saving not only steel but also American dollars. Every effort has been made to increase Canadian production of hardwoods and imports of hardwoods from Empire countries. (See also page 30).

Steel and Iron

Production of steel in Canada is to-day about 65% greater than the 1935-1938 average. In the past year both iron and steel have been produced in increasing quantities. These developments may be illustrated by the following figures:

<i>Production</i>	<i>1st 9 months 1940</i>	<i>1st 9 months 1941</i>	<i>Increase %</i>
Steel Ingots and Castings	1,464,000 tons	1,749,000 tons	19
Pig Iron.....	839,000 tons	945,000 tons	13

Despite enlarged capacity, Canada must import substantial quantities of steel from sources outside the Dominion. Such imports must now be confined almost wholly to war requirements. Imports of iron and steel scrap have considerably increased.

Unless authorized by the Steel Controller, steel is delivered only to essential industries. Civilian consumption has been curtailed. Structural shapes have been reduced in number from 267 to 70, and rolling mill schedules must be approved by the Controller, who must also approve all orders for pig iron.

Metals

Not only has mineral (including metal) production increased since the outbreak of war; measures have also been taken to conserve for essential purposes all available supplies of metals which are in demand for defence purposes in Canada, Britain or the United States. Aluminum, nickel, zinc, copper, tin and magnesium are among the metals which are now being restricted to essential uses. (See also page 29).

The extent to which such measures are being successfully applied in the case of three key metals is indicated by the following figures:

	1940		Estimated 1941	
	Essential Use	Non-Essential Use	Essential Use	Non-Essential Use
	%	%	%	%
Aluminum	73	27	98	2
Nickel	60	40	85	15
Zinc	36	64	75	25

Scrap

Use of scrap in industrial manufacture has increased greatly since the outbreak of war. A Scrap Disposal Branch has now been established by the Department of Munitions and Supply. The branch will supervise the disposal of surplus or obsolete equipment and of such materials as shell turnings, gun turnings, brass and copper scrap, and other materials of all kinds created in the manufacture of munitions, as well as packing materials and other waste products.

Chemicals

Chemicals now subject to control include chlorine, glycerine, ethylene glycol (used in making non-alcoholic anti-freezes), formaldehyde, coal tar chemicals and all materials used in the plastic industry.

Miscellaneous

Use of silk, rubber and cellophane for non-essential purposes is restricted. Cork has been designated an essential commodity.

The Necessaries of Life

An adequate flow of the necessities of life on to the Canadian market has been maintained since the outbreak of war. This has involved many measures to facilitate the distribution of such commodities as sugar, butter, tea, flour and feeds, bread, meat, canned goods, cloth and clothing, hides, leather and wool. Large supplies of these commodities have also been needed for the equipment and upkeep of the armed forces.

Controlling Prices

All goods and services sold in Canada are to be placed under a general price ceiling beginning November 17. Price control is administered by the Wartime Prices and Trade Board. In announcing the plan on October 19th, 1941, the Prime Minister described it as "an experiment hitherto untried on this continent and perhaps, having regard to its breadth and variety, hitherto untried by the will and consent of any free people anywhere."

"In the present struggle", the Prime Minister said, "we expect this year to be devoting some 40% of the national income to the prosecution of the war. . . It stands to reason that all the foods and services we are accustomed to enjoy in peacetime cannot be provided when only a little more than half our energies can be spared to provide them. Most goods and services are becoming increasingly scarce and will become scarcer still. We must face the problem of sharing what is scarce. If we let prices rise unduly, we know what will happen."

The Prime Minister pointed out that rising prices unless controlled impose an unfair hardship on those with small incomes and endanger the economic war effort by creating confusion and uncertainty in industry and trade. They also, he said, tend to produce inflation with all its disastrous wartime and post-war consequences. For all these reasons, he said, "the Government has decided that hereafter prices must be controlled more vigorously than they have been during the first two years of the war." The policy of controlling the prices of individual commodities when and where necessary which was followed during the first two years of the war, is no longer considered adequate to meet "the needs of to-day."

"The upward trend of prices," the Prime Minister said, "has become too widespread and powerful to be checked adequately by controlling the prices of a few commodities. To continue to attempt to control the rise in prices piecemeal, might only serve to augment the very evil it is desired to avoid, by occasioning through fear of the future, a precipitate rise in the prices of those commodities which are not already controlled. The problem is a general problem and it calls for general treatment. It has spread just as the war has spread."

The Prime Minister concluded, "The policy of control as it affects industry, commerce, agriculture and labour,

demands a degree of restriction to which Canadians, hitherto, have been quite unaccustomed. It will demand qualities of self-discipline and self-control. It will need, as it deserves, the whole-hearted support of everyone who has the well-being of his fellow-citizens at heart . . . By its policy the Government hopes to avoid the fears, the sense of insecurity, the suffering and the profiteering which the inflation of prices inevitably brings in its train. The measures now being announced should help in the winning of the war, and, after the war, facilitate recovery and reconstruction."

The Wartime Prices and Trade Board has taken steps to place under license Canada's entire food and clothing trade. This licensing plan will provide the machinery for policing prices and for securing information necessary for the allocation of supplies. Regional licensing directors have been appointed.

More than 200,000 businesses, including department stores and country general stores, large hotels and soda bars, live-stock dealers and warehouses, are affected by this vast plan. In terms of the relative populations of Canada and the United States, this would mean the licensing of about two and a half million businesses. The only food and clothing groups exempt are the primary producers.

Controlling Foreign Exchange Transactions

(See also pages 43-45)

Canada's United States Dollar Problem

A supply of foreign exchange, particularly United States dollars, is vital to Canada's war programme. To help to ensure this supply and to perform other necessary functions, the Foreign Exchange Control Board was given the necessary powers at the beginning of the war.

Canada normally sells the Sterling resulting from her Empire trade in order to get American dollars to cover her trade deficit with the United States. But the war has made this procedure impractical. For Britain has needed most of her gold and American dollars for her own war purchases in the United States, and so has not been able to continue to convert Canadian Sterling credits into United States dollars. Moreover, since the beginning of

the war, Britain has been able to settle only a fraction of her billion dollar trade deficit with Canada by transfer of gold; and since December of last year no gold has been transferred from Britain to Canada.

At the same time Canada's net deficit with the United States, on both current and capital account, has increased. In 1938, the last full year before the war, it was about \$115,000,000. In the year and a half between September 15th, 1939, and March 31st, 1941, it was about \$477,000,000. In the present fiscal year (April 1st, 1941, to March 31st, 1942) it will amount to about \$467,000,000, less whatever reduction is affected under the terms of the Hyde Park Declaration.

Thus, because of greatly increased war purchases in the United States, Canada, since the beginning of the war, has been faced with a widening differential between the amount of U.S. dollars she needs and the supply she is able to command. For, under the terms of the United States Neutrality Act, Canada's vast war purchases in the United States on her own account must be paid for in cash in United States dollars. And at the same time, because of the financial burden which the war has placed on Britain, the Dominion has been unable to make up her exchange deficit with the United States in the normal peace-time manner.

Conserving United States Dollars

Foreseeing this situation, the Canadian Government took the logical step. It adopted measures to conserve the American dollars in Canadian possession and to increase that supply where possible. Canada has tried to avoid the accumulation of unliquidated obligations during the war which would only make it more difficult to do away with the control after the war. Instead, the Dominion has made every effort to meet her exchange shortages by making her own residents do without things which are not essential. Over a year ago Canada placed a special war-time tax on all imports except those paid for in Sterling. This has substantially reduced the purchase of non-essential imports. In July of 1940, Canada ceased to permit the sale of United States dollars to Canadians for pleasure travel abroad. (Canadians can visit American relatives or friends who provide the U.S. funds for the purpose, and funds are released for urgent reasons—business, education, etc.) The Government did not like to do this, but since a very substantial saving of exchange could be effected, it felt that the

step was necessary. Finally, about the end of 1940, Canada took the more drastic step of prohibiting the importation of a long list of non-essential consumers' goods. For certain other major items gradual reductions in imports by Canadians were decreed. Such articles include automobiles, radios, cameras, electric fixtures, household appliances and scores of similar products.

Foreign exchange provided in these and other miscellaneous ways, substantially add to the normal supply accruing from the export and tourist trades and help to provide Canada with a pool out of which she may pay for imports, service Canada's debt payable in foreign currencies and cover other necessary external disbursements. In order that Canada may continue to purchase goods in the United States on a scale commensurate with the demands of her war programme, it has been necessary to continue the methods for conserving foreign exchange outlined above, even though the Hyde Park Declaration has established a principle which, it is expected, will result in an easing of Canada's foreign exchange position.

For this reason, among others, Canada this year is especially anxious to attract American tourists to the Dominion. Americans can visit Canada and return without difficulty. They are assured of unique vacation facilities, will enjoy a 10% premium on their money and will have the satisfaction of knowing that every American dollar they spend in Canada will go back to the United States to purchase war supplies for the Canadian armed forces.

Controlling Exports

No goods may be exported to any country outside the western hemisphere (except to a part of the British Empire) without an export permit. In addition, exports of certain commodities, whether they are going to a country in this hemisphere or elsewhere, are prohibited except under license. This is done to conserve strategic materials or products.

Financial Undertakings

Wartime Financial Policy

The main lines of Canada's financial policy during the war have been, first, to pay as much as possible of the costs of war from taxation, i.e. to "pay as you go" as far as possible; secondly, to impose this increased taxation in accordance with ability to pay; thirdly, to avoid inflation; and, fourthly, to time financial action in such a way as to encourage a rapid expansion of production to the maximum, i.e. both to reduce civilian consumption and to provide the funds necessary for the war program.

War Spending

In the first two years of the war Canadians spent a total of about \$2,183,000,000 on their own war effort and on aid to Britain.

Canada's total war spending in the current fiscal year (April 1st, 1941, to March 31st, 1942) has been estimated at about \$2,350,000,000, the exact amount depending on as yet undeterminable factors. This is about 40 per cent of the total estimated national income of less than \$6,000,000,000. It amounts to considerably more than Canada's total war expenditure during more than four years of the last Great War and represents an annual disbursement of about \$200 for every man, woman and child in the Dominion.

When war expenditures are added to the ordinary expenses of all Canadian governments, federal, provincial and municipal, Canadian citizens this year will have to give up about fifty cents of every dollar earned to foot the bill. The Dominion Government alone is spending about five times as much this fiscal year as it spent in the last full fiscal year before the war.

Direct War Spending

Canada's direct war spending has increased steadily and momentously. In the first two years of the conflict the Dominion spent approximately \$1,278,000,000 on her own war activities. In the period April-September of this year expenditure was more than twice as great as in the corresponding period of last year. (See table on page 67).

Since June, expenditure has been running at the rate of nearly \$4,000,000 a day—about five times as fast as during the first six months of the war. It is expected that direct war expenditure in the current fiscal year (April 1st, 1941, to March 31st, 1942) will be approximately \$1,450,000,000 nearly twice as much as the amount spent in the previous fiscal year.

Financial Aid to Britain

In addition to this direct expenditure on her own war requirements, Canada spent \$905,000,000 in the first two years of the war to provide Britain with Canadian dollars. (See also page 29). The net amount which Canada expects to provide for this purpose in the present fiscal year, which ends on March 31st, 1942, amounts to at least \$900,000,000, all the Canadian dollars Britain will need.

Taxes

(See also item on taxes on page 3.)

This fiscal year the Dominion Government is collecting about three times as much in taxes as it collected in the last full fiscal year before the war.

Pre-war taxes have been increased and new taxes imposed. The following figures indicate the increase in tax revenue since the outbreak of war.

Total Revenue from Taxes

<i>1939-40 Fiscal Year</i>	<i>Estimated for 1940-41 Fiscal Year</i>	<i>Budgeted, 1941-42, for Full Fiscal Year</i>
\$468,271,000	\$778,290,000	\$1,369,310,000

Taxes on Income, Etc.

Direct taxes of all kinds will raise more than five times as much this fiscal year as they did in the last full fiscal year before the war. Income tax rates were raised in June, 1940, and again in April, 1941. The graduated rates now begin at 15%, compared with 3% before the war. Exemptions have been lowered as well. In June, 1940, a National Defence Tax was imposed on practically everyone receiving salary or wages. The rates were 2% for a married person and 3% for a single person. In July, 1941, these were raised to 5% and 7% respectively. The combined effect of these moves has been to increase the amount of tax on personal income and the number of persons paying

income tax very considerably. Five times as many people as before the war now pay income taxes of all kinds, and married persons with incomes of from \$3,000 to \$10,000 pay from eleven to four times as much income tax as before the war.

A table showing how income tax has increased in the past year because of war is on page 71.

Immediately after the outbreak of war in September, 1939, an excess profits tax was announced. The operation of this tax, combined with increases in corporation taxes, have now advanced the minimum rate of corporation tax to 40%. This is a very much higher rate than that prevailing before the war. Increase in corporate profits over the standard pre-war rates are subject to a tax of 79½%. This is about the same rate as that now in force in Britain. This tax ensures that if any company does increase its profits because of war conditions, the Dominion Treasury will derive nearly all the benefits.

Another measure to increase direct tax revenue which has been imposed since the outbreak of war, is the levying of a Dominion Government succession duty, in addition to the succession duties already imposed by the Provinces.

In order to spread the tax load as fairly as possible through all sections of the country, an arrangement is being worked out with the Provinces which will centralize income and corporation tax collections.

The extent to which all these moves have increased direct tax revenue is indicated by the following figures.

<i>Total Revenue from Direct Taxes</i>		
<i>1939-40 Fiscal Year</i>	<i>Estimated for 1940-41 Fiscal Year</i>	<i>Budgeted, 1941-42 for Full Fiscal Year</i>
\$136,910,000	\$274,690,000	\$732,000,000

Customs and Excise Taxes

Before the war the Dominion Government secured indirect tax revenue from customs duties and a sales tax on a variety of commodities and also from excise taxes on automobiles, tires and tubes, liquor, beer and malt, wine, cigarettes, cigars, tobacco, matches and cigarette lighters, playing cards, cosmetics and toilet preparations, sugar, glucose and corn syrup, and long-distance telephone calls.

These taxes, with the exception of the sales tax, have been substantially increased since the outbreak of war. Increases in customs duties have also been effected. More than a year ago a war exchange tax was placed on a wide variety of imports, including automobiles and scores of durable consumer's goods. This tax now applies to a very wide assortment of "non-essential" imports.

In addition to increases in existing indirect taxes, new taxes have been imposed since the outbreak of war on the following—radios, cameras, phonographs, vacuum cleaners, washing machines, electric toasters and other household appliances, soft drinks, gasoline, travel fares on trains, buses and airplanes, entertainment such as movies, concerts, sports events, horse racing, etc., and race track bets.

Indirect taxes now raise about twice as much revenue as they did before the war. The following figures indicate the steady rise in indirect tax revenue in the last two years:

<i>Total Revenue from Indirect Taxes</i>		
<i>1939-40 Fiscal Year</i>	<i>Estimated for 1940-41 Fiscal Year</i>	<i>Budgeted, 1941-42 for Full Fiscal Year</i>
\$331,361,000	\$503,600,000	\$637,310,000

War Loans and Savings

Since the outbreak of war the Dominion Government has borrowed about \$1,470,000,000 from the public and from domestic financial institutions other than banks. This money has been raised by the floating of three war loans and by the issue of war savings and non-interest-bearing certificates to the public. About one in every thirteen Canadians, including men, women and children, subscribed to the 1941 Victory Loan, which raised more money than the 1918 Victory Loan—Canada's largest loan during the last war. Interest on Government bonds has been held at a low rate, and there are no tax-free war bonds. Late in October, applications for war savings certificates amounted to about \$94,000,000, and more than \$7,000,000 had been invested in non-interest-bearing certificates. War savings certificates have a face value of from \$5 to \$100 and may be purchased by the accumulation of 25c war savings stamps.

The amount of bank borrowing by the Dominion Government has been cautiously limited.

The "Pay-As-You-Go" Policy

The total amount which the Federal Government will have to raise for war and ordinary purposes in the present fiscal year is estimated to be about \$2,820,000,000. Of this amount taxes and non-tax revenue will provide about \$1,500,000,000, in the actual fiscal year ending March 31, 1942—about \$100,000,000 more than was estimated in the budget, brought down late in April, 1941.

The following table summarizes estimated revenue and expenditure in the current fiscal year in round figures:

	<i>Expenditure</i>	<i>%</i>
Total.....	\$2,820,000,000	100
Total War Expenditure.....	\$2,350,000,000	83
Direct war.....	\$1,450,000,000	51
For Britain.....	\$ 900,000,000	32
Ordinary Expenditure.....	\$ 470,000,000	17
	<i>Revenue</i>	<i>%</i>
Total Needed.....	\$2,820,000,000	100
Estimated Revenue.....	\$1,500,000,000	53
To be met by funds borrowed from people.....	\$1,320,000,000	47

In estimating the extent to which the Government is adhering to a "pay-as-you-go" policy, it should be remembered, however, that funds advanced by Canadians to Britain now are covered by the accumulation of Sterling balances; and repatriation, while it must be paid for now by Canadians, is not a drain on capital. Direct war and ordinary expenditures will total about \$1,920,000,000; revenue will be about \$1,500,000,000. On this basis, the 1941-42 budget provides for the payment of about 78% of total Federal expenditures (including ordinary disbursements and expenditure on Canada's own war programme) out of revenue. Revenue will cover expenditures on Canada's own war programme. During the first six months of the present fiscal year revenue exceeded expenditure by some \$18,000,000, viz:

	<i>April 1-Sept. 30, 1940</i>	<i>April 1-Sept. 30, 1941</i>
Direct war expenditure.....	\$238,000,000	\$498,000,000
Total ordinary and direct war expenditure.....	441,000,000	678,000,000
Revenue.....	383,000,000	696,000,000
Excess of expenditure over revenue.....	58,000,000	—
Excess of revenue over expenditure.....	—	18,000,000

CANADA "LEND-LEASES" TO BRITAIN

▼

During the first two years of the war, apart from British goods sent to Canada, Britain needed more than a billion dollars to cover her purchases in the Dominion.

Britain paid less than a quarter of this sum in gold, but Canada had to send more gold than this to the United States in order to fill her British orders. Canadians supplied the rest—\$905,000,000.

During the present fiscal year (April 1st, 1941, to March 31st, 1942,) Canada will export goods and war equipment to Britain to the value of \$1,500,000,000. Canadians will provide Britain with all the Canadian dollars she will need to finance these purchases.

The Dominion, it is clear, is not demanding "cash on the barrel-head" for her aid to Britain.

CANADA PAYS CASH FOR AMERICAN SUPPLIES

▼

Canada has bought increasingly large amounts of war supplies in the United States. In 1939 her imports from the United States were valued at \$497,000,000. In 1940 they soared to \$744,000,000. In the present fiscal year (April 1st, 1941, to March 31st, 1942) they are expected to reach \$953,000,000. Of this amount at least \$428,000,000 will be spent on war supplies, some of which will be materials and parts to be manufactured in Canada for Britain. The latter are being transferred to Britain via Canada under the lend-lease plan. But Canada, herself, is not obtaining supplies under the plan. She pays cash for her own purchases in the United States.

CANADA SENDS TROOPS OVERSEAS

▼

Canada has sent more than 100,000 volunteer soldiers, sailors and airmen overseas. By the end of this year Canada will have four army divisions, one of them armoured, and a tank brigade overseas; the number of Canadian airmen overseas will be equal to a division of infantry; and Canadian naval vessels will play, as now, an increasingly effective part in the war at sea.

CANADA DRAFTS MEN FOR HOME DEFENCE

▼

Canada is now drafting men 21 to 24 years of age, who have not already joined one of the forces, for home defence for as long during the period of the war as the Government requires them. During their four months' basic training they are given an opportunity to volunteer for service anywhere with the Navy, Army or Air Force. Of those who have so far been drafted, a large number have volunteered. The rest are being posted to the Active Army on Home Defence for full-time service. Postponements have been granted to key workers in war industries, and in a few other cases where it was in the public interest to do so.

Thus, men aged 21 to 24 are being called for full-time service with the armed forces at home, or abroad if they volunteer for such duty. By law, all men aged 19 to 45 who were single in July, 1940, are liable to be so called.

SOME OF THE WAR'S EFFECTS ON CANADIAN CIVILIANS

They—pay three times as much in taxes as they did before the war

- have loaned the Government since the outbreak of war a sum of money equal to the total to be collected in taxes during the present fiscal year
- are voluntarily contributing millions of dollars to war charities
- face 14.6% rise in the cost of living since the outbreak of war
- have had wages and prices stabilized under general "ceilings"
- can get no new models in automobiles, radios, etc., till the end of the war, where such models require new tooling
- will have less than half as many new automobiles on the market in 1942 as in 1940
- have had domestic production of radios, washing machines, vacuum cleaners, stoves and refrigerators cut by 25%
- can now make "instalment" purchases only on very strict terms
- can get only very limited supplies for "non-essential" purposes of machine tools and of essential materials such as iron, steel, aluminum, nickel, zinc, copper, tin, rubber, silk, cellophane and certain chemicals
- cannot buy gasoline or motor oil on Sundays or between 7 p.m. and 7 a.m. on week days and have had supply of gasoline and oil for motoring cut 20%
- can erect no new building or additions costing more than a fixed amount unless they are approved as necessary
- can purchase only a few "non-essential" products from the United States, in order that war materials and equipment may be bought there in increasing quantities
- cannot get funds to travel in the United States, except for urgent reasons, cannot hold foreign exchange and cannot export capital
- have been asked to eat less of certain foods in order that more may be sent to Britain
- are being urged to save all salvable waste material and to conserve perishable food-stuffs.

HOW THE WAR HAS INCREASED INCOME TAXES IN CANADA AND THE UNITED STATES

Both Canada and the United States have greatly increased their income taxes to pay for national defence. The following table illustrates the extent to which incomes are now being taxed in these North American countries:

Tax to be Paid on This Year's Income in the United States and in Canada by a Married Couple with No Dependents.

Income	UNITED STATES Income Tax	Income Tax	CANADA Total Including National Defence Tax*
\$ 1,600	\$ 6.	\$ 15.	\$ 71.
3,000	138.	250.	355.
5,000	375.	750.	925.
10,000	1,305.	2,580.	2,930.
20,000	4,614.	7,330.	8,030.
50,000	20,439.	24,485.	26,235.
100,000	52,704.	56,895.	60,395.
500,000	345,084.	376,140.	393,640.

*Levied on total income without deductions. (See also page 64).

